



2009-191-E
216690

May 11, 2009

Mr. Charles Terreni
Chief Clerk/Administrator
South Carolina Public Service Commission
Post Office Drawer 11649
Columbia, South Carolina 29211

Re: Docket No. 2009-____-E

Dear Mr. Terreni:

In accordance with the Stipulation and Procedure and Mechanism for Recovery of Costs and Incentives for Demand-Side Management and Energy Efficiency ("DSM and EE") Programs approved by the Commission's May 6, 2009 directive in Docket No. 2008-251-E, Carolina Power & Light Company, d/b/a Progress Energy Carolinas, Inc ("PEC") hereby submits for filing its DSM/EE Cost Recovery Rider Application and the testimony and exhibits of Robert P. Evans.

PEC seeks Commission approval of its Demand Side Management and Energy Efficiency Rider DSM/EE-1, to become effective July 1, 2009.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Len S. Anthony', enclosed within a simple rectangular box.

Len S. Anthony
General Counsel
Progress Energy Carolinas, Inc.

LSA:mhm

cc: Shealy B. Reibold, ORS

Enclosure

STAREG411

Progress Energy Carolinas, Inc.

Demand-Side Management and Energy Efficiency Programs

Cost Recovery Mechanism

Docket No. 2009-____-E

Recovery request for actual DSM/EE costs incurred from September 1, 2007 through March 31, 2009
and for forecasted costs covering the period July 1, 2009 through June 30, 2010.

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A. DSM and EE Program Summaries

Residential Energy Efficiency Programs

CFL Pilot Program

The Company implemented a pilot program in the fall of 2007 to increase the use of compact fluorescent light bulbs (CFLs) among residential customers in its service territory. The Company designed the CFL buy-down pilot to increase consumer awareness of the benefits of ENERGY STAR® compact fluorescent lamps by providing educational materials and a discounted bulb price to customers. Bulb prices were reduced by \$1 per bulb for four different types of multi-pack packages of CFL bulbs. The pilot promotion started on October 1, 2007 and ran for ten weeks. The promotion was limited to approximately 200,000 bulbs, and 203,222 bulbs were actually sold at the discounted price. The primary purpose of this study was to estimate the net changes in electricity usage and electricity demand that were a result of the program.

[Program Implemented Fall 2007]

Residential Home Energy Improvement (HEIP) Program

Under the Residential Home Energy Improvement Program, customers are offered a variety of energy conservation measures designed to increase energy efficiency for existing residential dwellings that can no longer be considered new construction. This program utilizes a network of pre-qualified contractors to install energy efficiency measures.

The program utilizes a prescriptive menu of measures for each participant depending on the needs and characteristics of the individual homes. The program is available to all residential customers that meet the Home Energy Improvement Program eligibility criteria.

[Program Implementation Summer 2009]

A. DSM and EE Program Summaries (continued)

Residential Solar Water Heating Pilot Program

This pilot program is intended to provide the Company with the ability to measure and validate the achievable energy savings and coincident peak impacts associated with implementing residential solar water heating in its service territory.

PEC will offer an incentive of \$1,000 per eligible participant (up to 150 participants) to encourage consumer investment in solar water heating, for permission to install measurement equipment on the customers' premise, and to receive participating customers' commitment to respond to surveys before, during and after the measurement and analysis phase of the pilot.

[Program Implemented Spring 2009]

Residential Home Advantage

The Residential Home Advantage Program offers builders and manufacturers / sales lot owners the potential to maximize energy savings in various types of new residential construction.

The program utilizes a prescriptive approach for builders and manufacturers / sales lot owners of projects for single-family, multi-family (three stories or less), and manufactured housing units. The program is also available to high rise multi-family units (greater than three stories) that are currently not eligible for Energy Star certification as long as each unit meets the intent of the Energy Star builder option package for their climate zone and the Home Advantage Program criteria.

[Program Implemented Winter 2008]

Neighborhood Energy Saver (NES) Residential Low-Income Program

The Neighborhood Energy Saver (NES) Program will assist low-income residential customers with the installation of energy efficiency and conservation measures that will reduce their overall energy use and household energy costs. The goal of the program is to install a comprehensive package of energy conservation measures (ECM's) at no cost to the customer, utilizing a third party administrator. Prior to installing measures, an auditor will conduct an energy assessment on each residence to identify the appropriate ECM's to install. In addition to the installation of the ECM's, an important component of the NES program is the provision of one-on-one energy education. Each resident will receive education on energy efficiency techniques and will be encouraged to make behavioral changes that will help them reduce and control their energy usage. The program will be implemented utilizing a whole neighborhood, door-to-door delivery strategy.

[Program Pending]

A. DSM and EE Program Summaries (continued)

Non-Residential Energy Efficiency Programs

Commercial, Industrial, and Governmental (CIG) Energy Efficiency

The CIG EE Program is available to all CIG customers for both new construction and retrofit applications. Pre-defined prescriptive measures apply to a large number of customers in both applications and fall under the categories of HVAC, lighting, refrigeration, motors and drives.

Custom energy efficiency measures are designed specifically in response to a customer's individual needs in new construction or retrofit and generally correspond to more complex applications or those not covered by the prescriptive measures. A design incentive is also offered which pertains to new buildings and major renovations that pursue energy efficiency on an integrated whole building basis.

[Program Implemented Spring 2009]

Demand-Side Management Programs

Residential EnergyWise™ Program

The Residential EnergyWise™ Program allows the Company to install load control switches at a participating customer's premise to remotely control central electric air conditioning or electric heat pumps, the auxiliary strip heat on central electric heat pumps, and electric water heaters.

The program provides the ability to reduce and shift peak loads, thereby reducing system peak demands and providing for a deferral of new supply-side peaking generation and enhancing system reliability. In exchange for initial and ongoing annual bill credits, participating customers will allow the curtailment of controlled devices for intervals within hours exhibiting peak system demands, thereby reducing system peak demands and providing for a deferral of new supply-side peaking generation and enhancing system reliability.

[Program Implemented Spring 2009]

A. DSM and EE Program Summaries (continued)

CIG Demand Response Automation Program

The Commercial, Industrial and Governmental (CIG) Demand Response Automation Program allows PEC to install load control and data acquisition devices at participating CIG customer facilities to remotely control and monitor a wide variety of electrical equipment capable of serving as a demand response resource. This program is currently planned for CIG customers with at least 200 kW in peak demand and a minimum of 75 kW in curtailable load.

The goal is to utilize education, enabling two-way communication technologies, and an event-based incentive structure to maximize load reduction capabilities and resource reliability. The program provides the ability to reduce and shift peak loads, thereby reducing system peak demands and providing for a deferral of new supply-side peaking generation and enhancing system reliability.

[Program Pending]

Distribution System Demand Response (DSDR)

The DSDR Program is a system of electric equipment and operating controls to enhance PEC's distribution system and enable PEC to manage the voltage level on its entire distribution feeder system. As a result, PEC can reduce peak load demand by lowering system voltage at the substation while controlling the magnitude of the voltage drop along the distribution feeder and stay within the required voltage range. This allows PEC to lower peak load demand for 4 to 6 hours at a time, which is the duration consistent with typical peak load periods, while maintaining voltage quality for all distribution customers. This program will provide an additional demand side management tool to meet the future energy needs of PEC's customers and reduce emissions that can impact global climate change. It will result in an incremental peak load reduction ("PLR") capability of 247 MW in the year 2012, growing to 299 MW in 2023.

[Program Hardware Implementation Spring 2008]

**(f)(2) Industrial and Commercial Customers Opting-Out of
Participation**

Through May, 1, 2009, there have been no eligible customers requesting to opt-out of participation in the Company's demand-side management or energy efficiency programs.

(h)(1)(i) - Projected SC retail sales for rate development

The Company's projected South Carolina retail monthly kWh sales for the period extending from July 1, 2009 through June 30, 2010, are provided in the following table:

Projected South Carolina Retail Monthly kWh Sales

Month	Estimated kWh
Jul-09	637,415,392
Aug-09	673,114,991
Sep-09	611,838,266
Oct-09	540,238,217
Nov-09	492,867,550
Dec-09	548,689,530
Jan-10	620,630,254
Feb-10	554,592,012
Mar-10	528,169,836
Apr-10	513,126,392
May-10	523,874,267
Jun-10	594,784,112
Total	6,839,340,819

(h)(1)(ii)a/b - Total expenses expected to be incurred during the rate period

The Company's recoverable system wide expenditures forecasted for the rate period July 1, 2009 through June 30, 2010, have been segmented by type of expenditure and provided in the following table:

	Recoverable Expenditures (System Retail)					Total Costs and Incentives
Program / Measure	O&M ¹	Depreciation	Cost of Capital	Income and General Taxes	PPI and Net Lost Revenue	
Demand-Side Management Programs						
DSDR Implementation ²	\$ 5,982,429	\$ 961,319	\$ 4,351,617	\$2,304,317	\$ 71,974	\$13,671,656
CIG DR	2,305,397	-	-	-	9,849	2,315,246
EnergyWise™	7,601,383	-	-	-	160,148	7,761,531
Energy Efficiency Programs						
Res Home Advantage	1,632,532	-	-	-	169,855	1,802,387
Res Home Energy Improve.	3,260,808	-	-	-	99,243	3,360,051
Residential Low Income-NES ³	2,209,360	-	-	-	167,240	2,376,600
CIG Energy Efficiency	5,876,940	-	-	-	654,762	6,531,702
Solar Hot Water Heating	353,454	-	-	-	-	353,454
CFL Pilot	-	-	-	-	467,214	467,214
Other DSM/EE Activities						
A&G	3,846,702	-	-	-	-	3,846,702
Program Subtotals	\$ 33,069,006	\$ 961,319	\$ 4,351,617	\$2,304,317	\$1,800,285	\$ 42,486,543
Return on Balances ⁴						2,312,590
Expenditure Totals						\$ 44,799,133

¹ The listed O&M expenses will be recovered through the DSM/EE Rider over a ten-year period.

² The DSDR does not include Program Performance Incentives (PPI). While amounts for net lost revenues are applicable, PPI amounts are not.

³ The Residential Low Income Program does not include amounts for PPI. While amounts for net lost revenues are applicable, PPI amounts are not.

⁴ The Return on Balances amount, on a system basis, reflects the sum of the South Carolina specific return calculated on the South Carolina deferral balance and the North Carolina specific return on the North Carolina deferral balance.

(h)(1)(ii)a/b - Total expenses expected to be incurred during the rate period
(continued)

For purposes of cost recovery through the South Carolina DSM/EE rider, the Company's forecasted expenditures, allocable to its South Carolina retail jurisdiction for the forecasted period July 1, 2009 through June 30, 2010 have been segmented for South Carolina jurisdictional retail customers by type of expenditure and provided in the following table:

	Recoverable Expenditures (South Carolina Only)					Total Costs and Incentives
Program / Measure	O&M ⁵	Depreciation	Cost of Capital	Income and General Taxes	PPI and Net Lost Revenue	
Demand-Side Management Programs						
DSDR Implementation ⁶	\$ 827,967	\$133,019	\$ 602,137	\$ 318,850	\$ 9,959	\$1,891,932
CIG DR	319,067				1,363	320,430
EnergyWise™	1,052,031	-	-	-	22,160	1,074,191
Energy Efficiency Programs						
Res Home Advantage	243,900	-	-	-	25,382	269,282
Res Home Energy Improve.	487,165	-	-	-	14,830	501,995
Residential Low Income-NES ⁷	330,078				24,991	355,069
CIG Energy Efficiency	878,015				97,842	975,857
Solar Hot Water Heating	52,806	-	-	-	-	52,806
CFL Pilot	-	-	-	-	69,816	69,816
Other DSM/EE Activities						
A&G	551,848	-	-	-	-	551,848
Program Subtotals	\$ 4,742,878	133,019	\$ 602,137	\$ 318,850	\$266,342	\$6,063,227
Return on Balances						331,770
Expenditure Totals						\$6,394,997

⁵ The listed O&M expenses will be recovered through the DSM/EE Rider over a ten-year period.

⁶ The DSDR does not include Program Performance Incentives (PPI). While amounts for net lost revenues are applicable, PPI amounts are not.

⁷ The Residential Low Income Program does not include amounts for PPI. While amounts for net lost revenues are applicable, PPI amounts are not.

**(h)(1)(ii)a/b - Total expenses expected to be incurred during the rate period
(continued)**

The Company's jurisdictional allocation factors for the forecasted period, July 1, 2009 through June 30, 2010, are provided in the following tables. The demand allocator applicable to DSM program costs reflects the South Carolina jurisdictional contribution to the 2008 summer coincident peak hour and is applicable to all DSM related costs in the forecast period. The energy allocator applicable to Energy Efficiency program costs reflects the South Carolina jurisdictional contribution to 2008 energy sales and is applicable to all EE related costs in the forecast period.

Program / Measure - (July 2009 through June 2010)	South Carolina
Demand-Side Management (DSM)	
DSDR Implementation	13.8%
CIG DR	13.8%
EnergyWise™	13.8%
Energy Efficiency Programs	
CIG Energy Efficiency	14.9%
Res Home Advantage	14.9%
Res Home Energy Improvement	14.9%
Res Low Income-NES	14.9%
Res Solar Water Heating Pilot	14.9%
CFL Pilot	14.9%

(h)(1)(ii)c - Measurement and verification activities for forecast period

DSDR

Measurement and verification for the DSDR Program will be determined by utilizing recorded data obtained from the System Energy Control Center and the Distribution Control Center. This data analysis will not be performed by a third party; therefore there will be no third-party incremental costs expended to perform anticipated measurement and verification activities during the forecast period.

Other Programs

Pursuant to the approved Procedure and Mechanism for Recovery of Costs and Incentives for Demand-Side Management and Energy Efficiency Programs, the Company will provide information on its industry-accepted methods used to measure, verify, and validate the energy and peak demand savings estimates used in its annual cost recovery proceeding as its arrangements are consummated with third party M&V specialists. At such time, the Company will provide a schedule for reporting verified savings to the ORS and the Commission.

The Company's objectives for its measurement & verification activities include the following:

- Ensure that program databases are supported by paper or electronic records of transactions and reflect actual installations of energy efficient equipment and designs.
- Determine to what degree program-supported equipment, measures, and designs are being employed.
- Support program planning, verify pre-program estimates, and update cost-effectiveness evaluations.

The Company and its third party specialists will apply industry-accepted methods and be guided by the M&V section of the California evaluation protocols and by the International Performance Measurement and Verification Protocol (IPMVP). These guidelines describe how field measurements and data collection can be conducted to support impact evaluations in a manner that is accurate, consistent, and transparent.

(h)(1)(ii)d - Expected summer and winter peak demand reductions

The following tables provide estimated summer and winter peak demand reductions, at the generator, for the measures in which the Company is seeking cost recovery. The reductions are provided by measure and in aggregate.

Expected Summer Peak Demand Reduction (MW)

	CFL Pilot	DSDR	Energy Wise™	CIG DR	CIG Energy Efficiency	Res HEIP	Res New Const	Res Low Income	Total
2009	0.7	51.1	12.5	1.5	2.0	1.0	0.7	0.4	69.8
2010	0.7	101.5	42.7	10.0	8.3	5.2	2.6	1.4	172.2
2011	0.7	164.2	73.1	30.0	18.0	8.5	3.3	1.6	299.4
2012	0.7	247.0	103.5	45.0	31.5	12.9	5.4	2.1	448.2

Expected Winter Peak Demand Reduction (MW)⁸

	CFL Pilot	DSDR	Energy Wise™	CIG DR	CIG Energy Efficiency	Res HEIP	Res New Const	Res Low Income	Total
2009	0.7	-	1.5	-	-	-	-	-	2.2
2010	0.7	-	5.2	-	-	-	-	-	5.9
2011	0.7	-	9.0	-	-	-	-	-	9.7
2012	0.7	-	12.7	-	-	-	-	-	13.4

⁸ With the exception of PEC's EnergyWise™ program, PEC's DSM/EE measures are focused on its summer peak. The winter peak reductions associated with PEC's measures, including those from the EnergyWise™ program, will be determined through the measurement and verification (M&V) process. The Company's CFL program benefits are based on M&V results.

(h)(1)(ii)e - Expected energy reductions

The following table provides estimated energy reductions, at the generator, for the measures in which the Company is seeking cost recovery. The reductions are provided both by measure and in aggregate.

Expected Energy Reductions (MWH)

	CFL Pilot	DSDR	Energy Wise™	CIG DR	CIG Energy Efficiency	Res HEIP	Res New Const	Res Low Income	Total
2009	7,093	22,211	13	3	8,302	1,122	2,413	2,459	43,616
2010	7,093	38,956	98	154	34,017	6,496	8,396	9,162	104,372
2011	7,093	57,389	268	625	74,153	10,650	10,808	10,800	171,786
2012	7,093	76,443	526	1,383	129,797	16,109	17,563	14,898	263,812

(h)(1)(ii)f/g - Actual test period costs

The Company's recoverable system wide expenditures for the test and prior periods, extending from September 1, 2007 through March 31, 2009, have been segmented by type of expenditure and are provided in the following table:

	Recoverable Expenditures (System Retail)					Total Costs and Incentives
Program / Measure	O&M ⁹	Depreciation	Cost of Capital	Income and General Taxes	PPI and Net Lost Revenue	
Demand-Side Management Programs						
DSDR Implementation	\$2,075,887	\$147,008	\$272,703	\$125,938	-	\$2,621,536
CIG DR	223,252	-	-	-	-	223,252
EnergyWise™	849,418	-	-	-	-	849,418
Energy Efficiency Programs						
Res Home Advantage	578,148	-	-	-	1,062	579,210
Res Home Energy Improve.	445,351	-	-	-	-	445,351
Residential Low Income-NES	93,505	-	-	-	-	93,505
CIG Energy Efficiency	1,155,966	-	-	-	-	1,155,966
Solar Hot Water Heating	8,645	-	-	-	-	8,645
CFL Pilot	322,549	-	-	-	733,429	1,055,978
Other DSM/EE Activities						
A&G	5,876,315	-	-	-	-	5,876,315
Subtotals	11,629,037	147,008	272,703	125,938	734,491	12,909,176
Return on Balances ¹⁰						660,038
Expenditure Totals						\$ 13,569,214

⁹ The listed O&M expenses will be recovered through the DSM/EE Rider over a ten-year period.

¹⁰ The Return on Balances amount, on a system basis, reflects the sum of the South Carolina specific return calculated on the South Carolina deferral balance and the North Carolina specific return on the North Carolina deferral balance.

(h)(1)(ii)f/g - Actual test period costs (continued)

For purposes of cost recovery through the South Carolina DSM/EE rider, the Company's actual recoverable expenditures, allocated to its South Carolina retail jurisdiction, for the test and prior periods, extending from September 1, 2007 through March 31, 2009, have been segmented by type of expenditure and are provided in the following table:

	Recoverable Expenditures (South Carolina Retail Only)					
Program / Measure	O&M ¹¹	Depreciation	Cost of Capital	Income and General Taxes	PPI and Net Lost Revenue	Total Costs and Incentives
Demand-Side Management Programs						
DSDR Implementation	\$ 278,912	\$ 19,509	\$ 36,240	\$ 17,540	-	\$ 352,201
CIG DR	29,628	-	-	-	-	29,628
EnergyWise™	108,013	-	-	-	-	108,013
Energy Efficiency Programs						
Res Home Advantage	87,519	-	-	-	159	87,678
Res Home Energy Improve.	67,665	-	-	-	-	67,665
Residential Low Income-NES	14,207	-	-	-	-	14,207
CIG Energy Efficiency	176,816	-	-	-	-	176,816
Solar Hot Water Heating	1,314	-	-	-	-	1,314
CFL Pilot	21,404	-	-	-	109,597	131,001
Other DSM/EE Activities						
A&G	648,366	-	-	-	-	648,366
Program Subtotals	1,433,844	19,509	36,240	17,540	109,756	\$1,616,889
Return on Balances						81,295
Expenditure Totals						\$1,698,184

¹¹ The listed O&M expenses will be recovered through the DSM/EE Rider over a ten-year period.

(h)(1)(ii)f/g - Actual test period costs (continued)

The Company's jurisdictional allocation factors for the test and prior periods, extending from September 1, 2007 through March 31, 2009, are provided in the following two tables:

Program / Measure - (September 2007 through April 2008)	South Carolina
Demand-Side Management (DSM)	
DSDR Implementation	15.0%
CIG DR	15.0%
EnergyWise™	15.0%
Energy Efficiency Programs	
CIG Energy Efficiency	16.3%
Res Home Advantage	16.3%
Res Home Energy Improvement	16.3%
Res Low Income-NES	16.3%
Res Solar Water Heating Pilot	16.3%
CFL Pilot	16.3%

Program / Measure - (May 2008 through March 2009)	South Carolina
Demand-Side Management (DSM)	
DSDR Implementation	13.3%
CIG DR	13.3%
EnergyWise™	13.3%
Energy Efficiency Programs	
CIG Energy Efficiency	15.2%
Res Home Advantage	15.2%
Res Home Energy Improvement	15.2%
Res Low Income-NES	15.2%
Res Solar Water Heating Pilot	15.2%
CFL Pilot	15.2%

(h)(1)(ii)h - Measurement and verification activities for test period

CFL Pilot Program

The Company employed Summit Blue Consulting, LLC, to evaluate its "CFL Buy-Down Program". Summit Blue's resulting impact evaluation, did confirm the reasonableness of the Company's estimates. The total cost of this evaluation was \$28,365.

(h)(1)(ii)i - Test period summer and winter peak demand reductions

The two programs in place during the test period the CFL Pilot and the Residential Home Advantage Program produced estimated annualized summer capacity reductions, at the generator, in the amounts of 657 kW and 39 kW, respectively. The comparable winter capacity reduction for the CFL Pilot Program is 741 kW. The winter capacity values for the DSDR and Residential Home Advantage programs will be determined through subsequent measurement and verification (M&V) activities. The capacity reduction applicable to the CFL Pilot is based on M&V results.

(h)(1)(ii)j- Test period energy reductions

The two energy efficiency programs in place during the test period, the CFL Pilot Program and the Residential Home Advantage Program produced estimated annualized energy reductions, at the generator, in the amounts of 7,093 MWH and 114 MWH, respectively.

(h)(1)(ii)k - Test period findings and results of measures

The Company's Residential Home Advantage and CFL Pilot programs were in place during the test period extending from April 1, 2008 through March 31, 2009.

Residential Home Advantage

The Company's Home Advantage Program was launched in December 2008. The program's participation level, for the first four months, has been below the Company's forecasted expectations. The major challenge impacting the participation level is the current state of the economy. The number of new homes being built in the Company's service territory is down by almost 40% when compared to the same period last year. In addition, several of the established ENERGY STAR builders are installing 13 SEER HVAC equipment instead of the costlier 14 SEER HVAC units that are required to participate in the Home Advantage Program. As the Company moves forward with this program, additional emphasis on builder awareness as well as increased collaboration with HVAC Distributors is being put into place. One positive opportunity with the in the building industry slowdown has been better availability of time and the willingness of builders to become more educated about the ENERGY STAR process. Coupled with increased public awareness, as the economy improves participation in this program should improve as well.

CFL Pilot Program

The Company employed Summit Blue Consulting, LLC, to evaluate its "CFL Buy-Down Program". Summit Blue's resulting impact evaluation indicated that this program achieved annualized energy savings of 6,706 MWh, a 630 kW summer peak demand savings, and persistent savings continuing over a ten year period.

(h)(1)(ii)l - Evaluation of event based measure during test period

The Company did not deploy any event based measures during the period extending from September 1, 2007 through March 31, 2009.

(h)(1)(ii)m - Comparison of impact estimates

The Company's initial comparison of its impact estimates will be provided in its May 2010 recovery request. In that document, subsequently forecasted values will be compared to the estimates located in section (1)(ii)d of this report.

(h)(1)(ii)n - Determination of utility incentives

The Company's proposed utility incentives can be broken down into two categories. These are (1) net lost revenues, and (2) program performance incentives to create future benefits based on achieved savings for Demand-Side Management (DSM) and Energy Efficiency (EE) programs. The mechanisms associated with these incentives, approved in Docket No. 2008-251-E, are summarized below and the specific calculations are included as a part of the Company's supporting workpapers.

A. Net Lost Revenues

Net lost revenues are determined by multiplying lost sales by a net lost revenue rate.

$$\text{Net Lost Revenues} = \text{Lost Sales} \times \text{Net Lost Revenue Rate}$$

Lost Sales are those sales that do not occur by virtue of employing the DSM/EE measures. These values are initially based on estimates and subsequently confirmed through the measurement and verification (M&V) process.

Net Lost Revenue Rate is difference between the average retail rate applicable to the customer class impacted by the measure and (1) the related customer charge component of that rate, (2) the fuel component of the rate, and (3) the incremental variable O&M rate. When multiple customer classes are impacted by the DSM/EE measures, a weighted or system wide net lost revenue rate is employed. The recovery of net lost revenues applicable to a given vintage year shall be recovered through the DSM/EE rider only for the first 36 months after the installation of the measurement unit. Thereafter, recovery of Net Lost Revenues shall end.

B. Incentive to Create Future Benefits

DSM and EE Program Performance Incentives (PPI)

For DSM programs, the PPI to be recovered for a given measurement unit and vintage year shall be equal to 8% of the net present value of the DSM program savings based upon the Utility Cost Test ("UCT"). For EE programs, the PPI to be recovered for a given measurement unit and vintage year shall be equal to 13% of the net present value of the EE program savings based upon the UCT. The UCT is an industry standard test, which compares the costs incurred by a utility in offering a DSM/EE program to the benefits as measured by the costs avoided by the utility.

The PPI is converted into a stream of ten (10) levelized annual payments, accounting for and incorporating PEC's overall weighted average net-of tax rate of return approved in PEC's most recent general rate case as the appropriate discount rate.

Pursuant to the Stipulation Agreement approved in Docket No. 2008-251-E, The amount of the PPI ultimately to be recovered for a given program or measure and vintage year shall be trued-up so that the PPI is based on the actual net savings derived from all measurement units specific to the program or measure.

(h)(1)(ii)n - Determination of utility incentives (continued)

Estimates of lost sales quantities for the Company's system are provided in the following table. These amounts have been segmented between the test and prior periods and the forecast period.

Program / Measure	Sales Loss For Purposes of Lost Revenue Calculation (kWh) - System	
	Test Period (9/1/07 through 3/31/09)	Forecast Period (7/1/09 through 6/30/10)
Demand-Side Management Programs		
DSDR Implementation	-	1,581,160
CIG DR	-	2,615
EnergyWise™	-	18,226
Energy Efficiency Programs		
Res Home Advantage	17,612	2,707,856
Res Home Energy Improve.	-	1,560,232
Residential Low Income-NES	-	2,824,051
CIG Energy Efficiency	-	9,292,715
Solar Hot Water Heating	-	-
CFL Pilot	10,617,767	6,705,958
Total Reduction in Energy (kWh)	10,635,379	24,692,814

The following table provides calculated South Carolina jurisdictional utility incentives for the Company's test and prior periods extending from 9/1/07 through 3/31/09.

Program / Measure	Utility Incentives (South Carolina Only) – Test Period (9/1/07 through 3/31/09)			
	Net Lost Revenue	DSM PPI	EE PPI	Total
Demand-Side Management Programs				
DSDR Implementation ¹²	-	NA	-	-
CIG DR	-	-	-	-
EnergyWise™	-	-	-	-
Energy Efficiency Programs				
Res Home Advantage	159	-	-	159
Res Home Energy Improve.	-	-	-	-
Residential Low Income-NES ¹³	-	NA	NA	-
CIG Energy Efficiency	-	-	-	-
Solar Hot Water Heating ¹⁴	NA	NA	NA	-
CFL Pilot	95,633	-	13,964	109,597
Total Utility Incentives Including Net Lost Revenue	\$ 95,792	-	\$13,964	\$109,756

¹² The DSDR does not include Program Performance Incentives (PPI). PPI amounts are not requested for the DSDR program.

¹³ The Residential Low Income Program does not include amounts for PPI. PPI amounts are not being requested for the Residential Low Income Program

¹⁴ The Pilot Solar Water Heating Program does not include amounts for Net Lost Revenues or PPI. Neither Net Lost Revenues nor PPI amounts are being requested for the Pilot Solar Water Heating Program.

(h)(1)(ii)n - Determination of utility incentives (continued)

The following table provides calculated South Carolina jurisdictional utility incentives for the Company's forecast period (7/1/09 through 6/30/10).

Program / Measure	Utility Incentives (South Carolina Only) – Forecast Period (7/1/09 through 6/30/10)			
	Net Lost Revenue	DSM PPI	EE PPI	Total
Demand-Side Management Programs				
DSDR Implementation ¹⁵	\$ 9,959	NA	-	\$ 9,959
CIG DR	19	1,344	-	1,363
EnergyWise™	149	22,010	-	22,160
Energy Efficiency Programs				
Res Home Advantage	23,963	-	1,419	25,382
Res Home Energy Improve.	13,807	-	1,023	14,830
Residential Low Income-NES ¹⁶	24,991	NA	NA	24,991
CIG Energy Efficiency	72,653	-	25,189	97,842
Solar Hot Water Heating ¹⁷	NA	NA	NA	-
CFL Pilot	59,343	-	10,473	69,816
Total Utility Incentives Including Net Lost Revenue	\$204,884	\$23,354	\$38,104	\$266,342

¹⁵ The DSDR does not include Program Performance Incentives (PPI). PPI amounts are not requested for the DSDR program.

¹⁶ The Residential Low Income Program does not include amounts for PPI. PPI amounts are not being requested for the Residential Low Income Program

¹⁷ The Pilot Solar Water Heating Program does not include amounts for Net Lost Revenues or PPI. Neither Net Lost Revenues nor PPI amounts are being requested for the Pilot Solar Water Heating Program.

(h)(1)(ii)o - Actual revenue from DSM/EE rider

The Company did not have a DSM/EE rider in effect during the test or prior periods extending from September 1, 2007 through March 31, 2009.

(h)(1)(ii)n - Proposed DSM/EE rider

Beginning on the following page of this document is SC Rider DSM/EE-1 (Demand-Side Management and Energy Efficiency Rider). The following table provides a summary of the Company's calculated DSM/EE rates and billing rates which include an adjustment for Gross Receipts Taxes (GRT) and SC Regulatory Fee,

Rate Class ¹⁸	DSM/EE Rate	DSM/EE Rate Billing Rate w/GRT & SC Regulatory Fee
Residential	\$0.00078 /kWh	\$0.00079 /kWh
General Service	0.00056 /kWh	0.00057 /kWh
Lighting	0.00000 /kWh	0.00000 /kWh

¹⁸ Calculation of rates can be found in the attached workpapers.

Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.
(South Carolina Only)

DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY
RIDER DSM/EE-1

APPLICABILITY

The rates shown below are included in the MONTHLY RATE provision in each schedule identified in the table below:

Rate Class	DSM/EE Rate
Residential Applicable to Schedules: RES, R-TOUD & R-TOUE	0.079¢/kWh
Small General Service Applicable to Schedules: SGS & TSS	0.057¢/kWh
Medium General Service Applicable to Schedules: MGS, SGS-TOU, SI, SGS-TES, CSG, CSE, GS & Rider SS (less than 1 MW)	0.057¢/kWh
Large General Service Applicable to Schedules: LGS, LGS-TOU, LGS-CUR-TOU, LGS- RTP and Rider SS (1 MW and greater)	0.057¢/kWh
Lighting Applicable to Schedules: ALS, SLS, SLR & SFLS	0.000¢/kWh

The Demand Side Management/Energy Efficiency (DSM/EE) Rate is adjusted annually to reflect the costs and incentives associated with demand side management and energy efficiency measures and programs approved by the Public Service Commission of South Carolina.

Demand Side Management/Energy Efficiency "Opt-Out" Option

Commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers may elect not to participate in Company's demand side management and energy efficiency programs by notifying Company of the customer's election in writing. Any Customer that elects this option will be exempt from the annual rider. For purposes of application of this option, a Customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt-out of the DSM/EE Rider. Since these rates are included in the rate tariff charges, Customers electing this option shall receive the following DSM/EE Credit on their monthly bill statement:

$$\text{DSM/EE Rate Credit} = \text{Billed kWh times DSM/EE Rate}^*$$

* The DSM/EE Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

Following the December bill each year, usage for commercial accounts electing to “opt-out” of the DSM/EE rate shall be reviewed and the customer shall be notified and removed from the “opt-out” option if annual consumption is less than 1,000,000 kWh in the prior twelve months.

SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Effective for bills rendered on and after July 1, 2009
SCPSC Docket No. 2009-XXX-E, Order No. 2009-XXX

(h)(1)(ii)q - Projected SC retail sales for customers opting out of measures

For the purpose of DSM/EE Rider development, the Company has assumed that all industrial customers and all large commercial using at least 1,000,000 kWh in the previous calendar year will have the capability of opting out of participation in the Company's DSM/EE programs and will elect not to participate. For purposes of this determination, a Customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt-out of the DSM/EE Rider.

The following table provides the Company's estimate of South Carolina retail monthly kWh sales in the aggregate, that will not be assessed DSM/EE rider charges. Estimated sales are based upon actual usage for the year ended March 31, 2009 since individual customer usage is not forecasted.

Aggregate Industrial, Large Commercial & Lighting Sales Not Assessed Rider Charges

Month	Estimated kWh
Jul-09	277,154,612
Aug-09	267,203,925
Sep-09	381,712,329
Oct-09	202,221,215
Nov-09	285,571,639
Dec-09	286,213,018
Jan-10	253,201,703
Feb-10	215,500,001
Mar-10	226,397,735
Apr-10	227,124,920
May-10	232,022,481
Jun-10	218,793,251
Total	3,073,116,829

(h)(2) - Supporting workpapers and testimony

Workpapers and testimony supporting the Company's requested DSM/EE Rider have been attached to this document.

PROGRESS ENERGY CAROLINAS, INC

Demand Side Management and Energy Efficiency Programs

Workpapers

SC Docket No: 2009 - ____ - E

Workpapers

Section A – Cost Summary & Rate Development (Exhibits)

W/P D-1

W/P D-2

W/P D-2

South Carolina Retail - DSM/EE Revenue Requirements Summary

W/P D-1

Rate Period

July 2009 through June 2010

SC DSM Program Expenses

	Other OSR (1)	A&G Expense (2)	Capitalized Cost (3)	10% Recovery Col (4) / 10 (5)	Taxes (6)	Depreciation (7)	Cost of Capital (8)	Carrying Cost (9)	Totals Before Incentive (10)	Net Test Revenue (11)	Program Performance Incentive (12)	Total Incentive and Net Test Rev (13)	Totals With Incentive (14)
1 DSM Program Expenses													
2 OSR Program	824,528	3,439	827,967	82,797	318,850	133,019	602,137		1,136,803	9,959	-	9,959	1,146,762
3 CIG DR	319,067		319,067	31,907					31,907	19	1,344	1,363	33,269
4 EnergyWise	1,052,031		1,052,031	105,203					105,203	149	22,010	22,160	127,363
5 Total DSM	2,195,627	3,439	2,199,066	219,907	318,850	133,019	602,137		1,273,912	10,127	23,354	33,482	1,307,394
6 DSM Assigned A&G and CCost			287,487	28,749				174,083	202,831				202,831
7 Total DSM and Assigned A&G	2,195,627	3,439	2,486,553	248,655	318,850	133,019	602,137	174,083	1,476,744	10,127	23,354	33,482	1,510,225
SC EE Program Expenses													
8 Res Home Advantage	243,900		243,900	24,390					24,390	23,963	1,419	25,382	49,772
9 Res Home Energy Improvem't	487,165		487,165	48,716					48,716	13,807	1,073	14,830	63,546
10 Residential Low Income	330,078		330,078	33,008					33,008	24,991	-	24,991	57,999
11 CIG Energy Efficiency	878,015		878,015	87,801					87,801	72,653	25,189	97,842	185,643
12 Solar Hot Water Pilot	57,806		57,806	5,781					5,781	-	-	-	5,781
13 Home Depot CFL										59,343	10,473	69,816	69,816
14 Total EE	1,991,964		1,991,964	199,196					199,196	194,756	38,104	232,860	432,057
15 EE Assigned A&G and CCost			264,361	26,436				157,688	184,124				184,124
16 Total EE and Assigned A&G	1,991,964		2,256,325	225,633				157,688	383,320	194,756	38,104	232,860	616,181
Rate Period Totals	4,187,591	3,439	551,848	474,288	318,850	133,019	602,137	331,770	1,860,064	204,884	61,459	266,342	2,126,406

W/P D-2

South Carolina Retail - DSM/EE Revenue Requirements Summary

W/P D-1

Test & Prior Period Totals

Sept 2007 through March 2009

SC DSM Program Expenses

	Other DSM (1)	Other DSM (2)	A&G Expense (3)	Capitalized DSM (4)	10% Recovery Col (4) / 10 (5)	Taxes (6)	Depreciation (7)	Cost of Capital (8)	Carrying Cost (9)	Total Before Incentive (10)	Program Performance Incentive (12)	Total Incentive and Test Rev (13)	Total With Incentive Col (10) + (13) (14)
1 OSOR Program	276,327	2,585		278,912	27,891	17,540	19,509	36,240		101,181	-	-	101,181
2 CIG DR	29,628			29,628	2,963					2,963	-	-	2,963
3 EnergyWise	108,013			108,013	10,801					10,801	-	-	10,801
4 Total DSM	413,968	2,585		416,553	41,655	17,540	19,509	36,240		114,945	-	-	114,945
5 DSM Assigned A&G and CCost			434,871	434,871	43,487				41,290	84,777			84,777
6 Total DSM and Assigned A&G	413,968	2,585	434,871	851,424	85,142	17,540	19,509	36,240	41,290	199,722	-	-	199,722

SCEE Program Expenses

7 Res Home Advantage	87,519			87,519	8,752					8,752	159	-	8,911
8 Res Home Energy Improvem't	67,665			67,665	6,767					6,767	-	-	6,767
9 Residential Low Income	14,207			14,207	1,421					1,421	-	-	1,421
10 CIG Energy Efficiency	176,816			176,816	17,682					17,682	-	-	17,682
11 Solar Hot Water Pilot	1,314			1,314	131					131	-	-	131
12 Home Depot CFL	21,404			21,404	2,140					2,140	95,633	109,597	111,737
13 Total EE	368,925	-	213,495	582,421	58,242	-	-	-	40,005	36,893	95,791	109,756	146,648
14 EE Assigned A&G and CCost			213,495	213,495	21,350				40,005	61,355			61,355
15 Total EE and Assigned A&G	368,925	-	213,495	582,421	58,242	-	-	-	40,005	98,247	95,791	109,756	208,003
16 Test & Prior Period Totals	782,893	2,585	648,366	1,433,844	143,384	17,540	19,509	36,240	81,295	297,969	95,791	109,756	407,724

W/P D-2

PROGRESS ENERGY CAROLINAS, INC. Cost Allocation Methodology

	EnergyWise	DSDR	CIG DR	Residential Home Advantage	Residential HEIP
Residential	Direct	Coincident Peak		Direct	Direct
Small General Service ¹		Coincident Peak	Direct		
Medium General Service ¹		Coincident Peak	Direct		
Large General Service ¹		Coincident Peak	Direct		
Lighting					

	Residential Low Income	CFL Program	Residential Solar Water Heating	CIG Energy Efficiency
Residential	Direct	Direct	Direct	
Small General Service ¹				Direct
Medium General Service ¹				Direct
Large General Service ¹				Direct
Lighting				

☐ Costs are Allocated to Group

☐ Costs are not Allocated to Group

Note:

¹ Small, Medium, and Large General Service Categories are combined for purposes of rate development

PROGRESS ENERGY CAROLINAS, INC.
Annual Sales for SC Customers Eligible for DSM/EE Opt-Out
Annual Sales for the Year Ended March 31, 2009

Rate Class	Commercial	Industrial ¹	Total
Residential	0	0	0
General Service	584,919,829	2,484,016,858	3,068,936,687
Lighting	0	4,180,142	4,180,142
Total Opt-Out Sales	584,919,829	2,488,197,000	3,073,116,829

¹ Industrial category also includes Revenue Class 45, Public Authority.

PROGRESS ENERGY CAROLINAS, INC.
Energy Allocation Factors - Applicable to EE Program Costs

South Carolina Rate Class Energy Allocation Factors

Rate Class	Total SC Rate Class Sales (MWhrs) ⁽¹⁾ (1)	Opt-Out Sales ⁽²⁾ (2)	Adjusted SC Rate Class MWhr Sales (3) = (1) - (2)	Rate Class Energy Allocation Factor (4) = (3) / SC Total in Column 3
Residential	2,206,024	0	2,206,024	58.57%
General Service	4,541,124	3,068,937	1,472,187	39.09%
Lighting	92,193	4,180	88,013	2.34%
SC Retail	6,839,341	3,073,117	3,766,224	100.00%

NOTES:

(1) Total SC Rate Class Sales (MWhrs) are for the forecasted year ended June 2010.

(2) Opt-Out sales are provided in Evans Exhibit No. 3

PROGRESS ENERGY CAROLINAS, INC.
Demand Allocation Factors - Applicable to DSM Programs

South Carolina Rate Class Demand Allocation Factors					
W/P B-2					
Rate Class	Total SC Rate Class Sales ⁽¹⁾	Sales Subject to Opt-Out ⁽²⁾	Rate Class Demand ⁽³⁾	Revised Rate Class Demand	Rate Class Allocation Factor
	(1)	(2)	(3)	(4) = ((1 - 2) / 1) * 3	(5) = (4) / Total of Column 4
Residential	2,206,024	0	524,683	524,683	68.70178%
General Service	4,541,124	3,068,937	737,308	239,028	31.29822%
Lighting	92,193	4,180	0	0	0.00000%
SC Retail	6,839,341	3,073,117	1,261,991	763,711	100.00000%

NOTES:

- (1) Total SC Rate Class Sales (MWHrs) are for the forecasted year ended June 2010.
- (2) Opt-Out sales are provided in Evans Exhibit No. 3
- (3) The CP demands are based on the 2008 Coincident Peak occurring on June 9 during the hour ended at 5 P.M.

PROGRESS ENERGY CAROLINAS, INC.

Energy Efficiency Rate Derivation

SC Rate Class	Adjusted SC Rate Class kWhr Sales ⁽¹⁾	Rate Class Energy Allocation Factor ⁽²⁾	EE Revenue Requirements					Total of Allocated Costs (8) = Σ (3 thru 7)	Total EE Rate (9) = (8) / (1)
			CIG Energy Efficiency ⁽³⁾	CFL and Solar Water Heating Pilots ⁽⁴⁾	Res Home Advantage, Low Income & HEIP ⁽⁵⁾	Allocated A&G Costs ⁽⁶⁾	Allocated Carrying Costs ⁽⁵⁾		
Residential	2,206,024,178	58.57%	\$0	\$186,966	\$188,415	\$26,435	\$109,365	\$511,181	\$0.000232
General Service	1,472,186,951	39.09%	\$203,325	\$0	\$0	\$21,350	\$88,328	\$313,003	\$0.000213
Lighting	88,012,859	2.34%	\$0	\$0	\$0	\$0	\$0	\$0	\$0.000000
SC Retail	3,766,223,988	100%	\$203,325	\$186,966	\$188,415	\$47,786	\$197,693	\$824,184	\$0.000219

NOTES:

- (1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
- (2) Rate Class Energy Allocation Factor is derived in Evans Exhibit No. 4, column (4).
- (3) CIG Energy Efficiency costs are allocated solely to General Service Class.
- (4) CFL, Solar Water Heating Pilot, Residential HEIP and Residential Home Advantage Program costs are allocated solely to Residential Class.
- (5) A&G and Carrying Costs are allocated on the basis of revenue requirements (excluding incentives).

PROGRESS ENERGY CAROLINAS, INC.

Demand Side Management Rate Derivation

SC Rate Class	Adjusted SC Rate Class kWh Sales ⁽¹⁾	Rate Class Demand Allocation Factor ⁽²⁾	DSM Revenue Requirement					Total of Allocated Costs	Total DSM Rate (9) = (8) / (1)
			Allocated DSDR Program Costs ⁽³⁾	CIG DR Program ⁽⁴⁾	Allocated EnergyWise Program Costs ⁽⁵⁾	Allocated A&G Costs ⁽⁶⁾	Allocated Carrying Costs ⁽⁶⁾		
Residential	2,206,024,178	68.70%	\$857,359	\$0	\$138,164	\$50,270	\$149,880	\$1,195,673	\$0.000542
General Service	1,472,186,951	31.30%	\$390,584	\$36,232	\$0	\$21,966	\$65,492	\$514,274	\$0.000349
Lighting	88,012,859	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0.000000
SC Retail	3,766,223,988	100.00%	\$1,247,942	\$36,232	\$138,164	\$72,236	\$215,372	\$1,709,947	\$0.000454

NOTES:

- (1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
- (2) Rate Class Demand Allocation Factor is derived in Evans Revised Settlement Exhibit No. 5, column (5).
- (3) DSDR Costs allocated using Rate Class Demand Allocation Factor from column (2).
- (4) CIG DR Program costs are directly assigned solely to General Service Class.
- (5) EnergyWise costs are directly assigned solely to Residential Rate Class.
- (6) A&G and Carrying Costs are allocated on the basis of revenue requirements (excluding incentives) assigned in preceding columns.

PROGRESS ENERGY CAROLINAS, INC.
EE/DSM Billing Rate - July 2009 through June 2010
Revenue Adjustment Factors

Residential Adjustment Factor

1	Billed kWh (12ME 3/31/09)	<i>Per Books</i>	2,208,637,371	
2	Billed RECD kWh (12ME 3/31/09)	<i>Per Books</i>	<u>366,880,259</u> (a)	W/P B-5
3	RECD kWh Percent of Total Billed	<i>Line 2 / Line 1</i>	16.6112%	
4	RECDDiscount	<i>RECD Discount</i>	<u>5.0000%</u> (b)	
5	RECD Impact (Weighted Discount)	<i>Line 3 x Line 4</i>	0.8306% (d)	
6	Uncollectable Estimate for Forecast Period	<i>Estimate</i>	<u>0.5038%</u> (c)	W/P B-3
7	Residential Adjustment Factor for Rate Period	<i>Line 5 + Line 6</i>	<u><u>1.3344%</u></u> (d)	

General Service Adjustment Factor

8	Uncollectable Estimate for Forecast Period	<i>Estimate</i>	<u>0.1020%</u> (c)	W/P B-3
9	General Service Adjustment Factor for Rate Period	<i>Line 8</i>	<u><u>0.1020%</u></u> (d)	

Notes:

- (a) Energy billed and discounted pursuant to Residential Energy Conservation Discount, Rider RECD-2B.
- (b) Five-percent discount provided under Residential Energy Conservation Discount, Rider RECD-2B.
- (c) Estimated incremental level of uncollectables associated with DSM/EE billings.
- (d) Estimated impacts of uncollectable and RECD related discounts will be trued up to actual amounts.

PROGRESS ENERGY CAROLINAS, INC.
EE/DSM Billing Rate - July 2009 through June 2010
All rates are shown in dollars per kWh

Rates Net of South Carolina Gross Receipts Taxes (GRT) and Regulatory Fee

SC Rate Class	Total EE Rate (1)	Total DSM Rate (2)	Total DSM/EE Rate (3)	RECD & Uncollectible Adjustment (4)	DSM/EE Rate (5)
Residential	\$0.000232	\$0.000542	\$ 0.000774	\$0.000010	\$0.000784
General Service	0.000213	0.000349	0.000562	0.000001	0.000563
Lighting	0.000000	0.000000	0.000000	0.000000	0.000000
SC Retail	\$0.000219	\$0.000454	\$0.000673	\$0.000006	\$0.000679

Rates Including SC Gross Receipts Taxes at 0.30% and Regulatory Fee at 0.1541%

W/P B-4

SC Rate Class	DSM/EE Rate (net of GRT) (6)	Gross Receipts Tax and Regulatory Fee Adjustment (7)	DSM/EE Billing Rate (8)
Residential	\$0.000784	\$0.000004	\$0.00079
General Service	0.000563	0.000003	0.00057
Lighting	0.000000	0.000000	0.00000
SC Retail	\$0.000679	\$0.000003	\$0.00068

NOTES:

- (1) Total EE Rate is derived in Evans Exhibit No. 6, column (9).
- (2) Total DSM Rate is derived in Evans Exhibit No. 7, column (9).
- (3) Total DSM/EE Rate is sum of columns (1) and (2).
- (4) Adjustment factors derived in Evans Exhibit No. 8 applied to column (3)
- (5) DSM/EE Rate is derived from the sum of columns (3) and (4).
- (6) DSM/EE Billing Rate from column (5)
- (7) Calculated Gross Receipts Tax and Regulatory Fee at the combined rate of 0.4541% on column (6)
- (8) DSM/EE Billing Rate is derived from the sum of columns (6) and (7) and rounded to 5 decimal points.

Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.
(South Carolina Only)

DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY
RIDER DSM/EE-1

APPLICABILITY

The rates shown below are included in the MONTHLY RATE provision in each schedule identified in the table below:

Rate Class	DSM/EE Rate
Residential Applicable to Schedules: RES, R-TOUD & R-TOUE	0.079¢/kWh
Small General Service Applicable to Schedules: SGS & TSS	0.057¢/kWh
Medium General Service Applicable to Schedules: MGS, SGS-TOU, SI, SGS-TES, CSG, CSE, GS & Rider SS (less than 1 MW)	0.057¢/kWh
Large General Service Applicable to Schedules: LGS, LGS-TOU, LGS-CUR-TOU, LGS- RTP and Rider SS (1 MW and greater)	0.057¢/kWh
Lighting Applicable to Schedules: ALS, SLS, SLR & SFLS	0.000¢/kWh

From
Exhibit 9
Column
8

The Demand Side Management/Energy Efficiency (DSM/EE) Rate is adjusted annually to reflect the costs and incentives associated with demand side management and energy efficiency measures and programs approved by the Public Service Commission of South Carolina.

Demand Side Management/Energy Efficiency "Opt-Out" Option

Commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers may elect not to participate in Company's demand side management and energy efficiency programs by notifying Company of the customer's election in writing. Any Customer that elects this option will be exempt from the annual rider. For purposes of application of this option, a Customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt-out of the DSM/EE Rider. Since these rates are included in the rate tariff charges, Customers electing this option shall receive the following DSM/EE Credit on their monthly bill statement:

$$\text{DSM/EE Rate Credit} = \text{Billed kWh times DSM/EE Rate}^*$$

* The DSM/EE Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

Following the December bill each year, usage for commercial accounts electing to “opt-out” of the DSM/EE rate shall be reviewed and the customer shall be notified and removed from the “opt-out” option if annual consumption is less than 1,000,000 kWh in the prior twelve months.

SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Effective for bills rendered on and after July 1, 2009
SCPSC Docket No. 2009-XXX-E, Order No. 2009-XXX

Workpapers

Section B – Allocation and Revenue Factors

PROGRESS ENERGY CAROLINAS, INC.					
Energy & Summer Production Demand Allocation Factors					
		E2 at Meter.		Summer CP	
		Level		Demand	
Rate Schedule		kWh		(KW)	
(1)		(2)		(3)	
NC RES		14,795,823,727		3,590,834	
NC SGS		1,873,454,478		388,765	
NC SGT (SGS)		576,499,949		153,877	
NC SGT (MGS)		7,702,571,370		1,928,173	
NC MGS		2,800,371,797		528,008	
NC SI		56,378,696		7,039	
NC LGS		1,127,487,523		176,619	
NC LGS-TOU		2,211,382,119		321,629	
NC LGS-RTP		5,650,972,387		762,146	
NC TSS		10,849,888		1,274	
NC ALS		313,600,582		0	
NC SLS		122,117,432		0	
NC SFLS		2,221,823		0	
Total NC		37,243,731,772	85.06%	7,858,363	86.16%
SC RES		2,150,450,564		524,683	
SC SGS		297,596,771		64,917	
SC SGT (SGS)		81,767,136		18,453	
SC SGT (MGS)		1,064,099,675		227,711	
SC MGS		541,682,041		103,283	
SC SI		14,197,007		3,169	
SC LGS		751,336,846		124,037	
SC LGS-TOU		1,072,610,768		135,740	
SC LGS-RTP		476,437,676		59,917	
SC TSS		675,675		81	
SC ALS		74,703,388		0	
SC SLS		17,314,467		0	
SC SFLS		242,889		0	
Total SC		6,543,114,904	14.94%	1,261,991	13.84%
Total System		43,786,846,676	100.00%	9,120,354	100.00%

Estimated SC Charge-Off Factors

Charge-Offs			Gross	Recovery	Net
1	Apr-08	Per Books	\$ 829,030	\$ 348,360	\$ 467,379
2	May-08	Per Books	1,313,607	373,121	917,417
3	Jun-08	Per Books	1,151,651	301,160	829,102
4	Jul-08	Per Books	1,235,338	268,502	942,633
5	Aug-08	Per Books	827,324	285,868	526,739
6	Sep-08	Per Books	694,877	236,147	447,436
7	Oct-08	Per Books	1,207,226	259,895	932,732
8	Nov-08	Per Books	966,558	210,355	737,324
9	Dec-08	Per Books	1,561,687	303,179	1,227,996
10	Jan-09	Per Books	1,529,957	491,354	1,013,412
11	Feb-09	Per Books	773,792	396,379	367,886
12	Mar-09	Per Books	1,589,490	403,958	1,168,739
13	Total Gross Charge-Offs	Σ Lines 1 thru 12	\$ 13,680,538	\$ 3,878,277	\$ 9,578,794
Total Revenues (12 ME 3/31/09)					
14	Residential Revenue	Per Books		1,711,507,548	
15	Commercial	Per Books		1,154,978,963	
16	Industrial	Per Books		721,159,333	
17	Total Revenue	Σ Lines 14 thru 16		3,587,645,844	
18	Net Charge-Offs	Line 13			\$ 9,578,794
19	Percentage Net Charge-Offs	Line 18 / Line 17			0.2670%
SC Gross Charge-Offs					
20	Residential	SC Study		1,918,946	
21	Commercial	SC Study		213,495	
22	Industrial	SC Study		344,123	
23	Total SC Gross Charge-offs	Σ Lines 20 thru 22		2,476,563	
24	General Service	Lines 21 + 22		557,617	
SC Retail Revenues					
25	Residential	Per Books		215,303,117	
26	Commercial	Per Books		156,922,154	
27	Industrial	Per Books		152,101,040	
28	Total SC Retail Revenue	Σ Lines 25 thru 27		524,326,312	
29	General Service	Lines 26 + 27		309,023,194	
SC Gross Charge-Off Percentage					
30	Residential	Line 20 / Line 25		0.8913%	
31	Commercial	Line 21 / Line 26		0.1361%	
32	Industrial	Line 22 / Line 27		0.2262%	
33	Total SC Gross Chargeoffs	Line 23 / Line 28		0.4723%	
34	General Service	Line 24 / Line 29		0.1804%	
SC Net Charge-Off Percentage					
35	Residential	Lines 19 / 33 X 30		0.5038%	←
36	Commercial	Lines 19 / 33 X 31		0.0769%	
37	Industrial	Lines 19 / 33 X 32		0.1279%	
38	Total SC Net Charge-offs	Lines 19 / 33 X 33		0.2670%	
39	General Service	Lines 19 / 33 X 34		0.1020%	←

SC Regulatory Fee Rate Calculation

1	2008 SC Regulatory Fee	<i>Per Books</i>	807,275
2	2008 SC Retail Revenue	<i>Per Books</i>	<u>523,789,394</u>
3	Effective Regulatory Fee Rate	<i>Line 1/Line 2</i>	0.1541%

Revenue Calculation for Residential Customers Served Under Rider RECD (5% rate discount)

Source: RMC1W Rate Code Report

	Month of March, 2009			Year Ended March 2009		
	Count	Sales	Revenues	Count	Sales	Revenues
SC RES WITH ENERGY CONSERVATION	18,797	26,700,144	\$2,455,571.66	227,209	307,628,760	\$28,541,649.68
SC RES WITH ENERGY CONSERVATION	943	1,522,014	138,667.62	10,776	15,844,048	1,461,988.91
SC R-TOUD WITH ENERGY CONSERVATION	584	1,408,202	117,835.24	7,093	16,644,154	1,355,737.85
SC R-TOUD WITH ENERGY CONSERVATION	14	23,899	2,231.46	155	263,681	23,619.83
SC R-TOUE WITH ENERGY CONSERVATION	11	19,665	1,736.66	135	228,613	20,219.07
SC R-TOUE WITH ENERGY CONSERVATION	2	2,617	237.57	19	24,922	2,321.82
SC SC RES WITH ENERGY CONSERVATION	1,480	2,342,347	213,865.62	17,958	26,246,081	2,424,358.49
Totals	21,831	32,018,888	\$2,930,145.83	263,345	366,880,259	\$33,829,895.65

Workpapers

Section C – Determination of DSDR Related Revenue Requirement

PROGRESS ENERGY CAROLINAS, INC.

DSDR DSM Measure

Revenue Requirement Analysis

RATE BASE

		Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	South Carolina Rate Period
		Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Totals
1 Gross Plant in Service	Worksheet C-1	21,440,804	25,428,708	29,772,805	35,829,818	41,511,877	47,933,884	52,487,848	57,778,849	62,865,228	68,227,899	73,891,229	79,207,958	79,207,958
2 Accum. Depreciation	1-11, Line 8	(281,437)	(328,897)	(382,129)	(443,189)	(511,879)	(589,879)	(672,201)	(763,284)	(861,314)	(966,879)	(1,080,138)	(1,200,649)	(1,200,649)
3 Net Plant in Service	Line 1-1	21,159,367	25,100,802	29,390,779	35,486,630	40,999,101	47,344,005	51,815,647	57,015,564	62,003,912	67,261,024	72,811,103	78,007,318	78,007,318
4 Accum. Deferred Income Taxes	1-1, Line 2	(2,644,907)	(2,771,299)	(2,929,259)	(3,310,489)	(3,380,999)	(3,623,089)	(4,029,162)	(4,537,823)	(5,182,709)	(5,905,029)	(6,861,881)	(7,123,644)	(7,123,644)
5 Rate Base	Line 3	18,514,460	22,329,503	26,461,521	32,176,150	37,618,102	43,720,916	48,986,185	51,977,541	56,221,203	60,855,986	65,959,222	70,883,674	70,883,674

COST OF SERVICE (REVENUE REQUIREMENT)

Return

6 Debt at 6.01% Wg'd at 42.79%	Worksheet C-1	38,675	47,849	58,703	69,948	80,224	91,544	100,684	111,379	120,473	128,978	141,320	151,882	1,140,965
7 Preferred at 5.0% Wg'd at 73%	W/P C-1	582	677	803	970	1,136	1,298	1,425	1,577	1,705	1,840	2,001	2,130	16,147
8 Equity at 12.75% Wg'd at 58.49%	Line 5-12, 2008, 2009, 2010	111,124	134,098	158,814	193,112	224,982	256,308	281,987	311,954	337,423	364,038	395,812	425,423	3,184,905
9 Gross up for Income Taxes; 1 = 30.2055%	Line 7, 8, 11, 12, 2008, 2009, 2010	72,024	88,882	102,835	125,184	145,633	166,183	182,773	202,181	218,889	235,950	256,544	273,738	2,070,897
10 Total Return	Line 6, 7, 8, 9	223,385	269,403	318,254	388,200	451,885	515,421	568,881	627,101	678,300	731,805	795,477	855,291	6,422,314
11a Property Tax [0.47%]	Line 13, 2008, 2009, 2010	6,308	8,960	11,681	14,073	16,258	18,774	20,558	22,830	24,622	26,723	29,841	31,023	233,820
11b Insurance [0.05%]	Line 13, 2008, 2009, 2010	893	1,080	1,241	1,407	1,730	1,987	2,187	2,407	2,619	2,843	3,079	3,300	24,853
12 O&M Expense	Worksheet	457,469	548,048	364,501	771,496	504,248	748,347	323,044	457,480	341,507	377,689	372,357	679,408	5,867,578
13 Book Depreciation	Line 10, 21, 2	42,118	47,470	53,219	61,083	68,786	77,100	83,425	90,784	98,830	105,581	113,280	120,504	861,319
14 Income Tax on Permanent Difference	Line 1	-	-	-	-	-	-	-	-	-	-	-	-	-
15 Total Revenue Requirement	Line 10, 11a, 11b, 12, 13, 14	732,261	875,941	788,678	1,236,328	1,042,709	1,353,639	898,085	1,209,403	1,145,079	1,244,801	1,313,213	1,089,437	13,599,882

Book Depreciation

Distribution Plant

16 Gross Plant in Service	Worksheet C-1	19,208,558	22,489,479	26,135,020	31,590,138	35,943,071	41,523,302	45,990,028	49,261,339	53,008,685	57,120,208	61,892,701	65,989,432	65,989,432
17 Book Depreciation Rate	Worksheet B-1, 2, 2008, 2009, 2010	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%	0.2292%
18 Book Depreciation Expense	Line 16, 17, 2008, 2009, 2010	37,080	40,842	45,019	51,259	58,280	62,651	65,727	71,448	75,612	80,523	85,782	90,843	764,088

Communications Equipment

19 Gross Plant in Service	Worksheet C-1	2,234,248	2,940,228	3,837,885	4,348,982	5,548,006	6,408,781	7,407,820	8,577,308	9,858,541	11,167,880	12,196,537	13,238,528	13,238,528
20 Book Depreciation Rate	Worksheet B-1, 2, 2008, 2009, 2010	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%	0.4508%
21 Book Depreciation Expense	Line 19, 20, 2008, 2009, 2010	5,838	8,828	8,200	8,805	12,506	14,448	18,898	19,335	22,218	25,738	27,496	29,842	197,254

Software

22 Gross Plant in Service	Worksheet C-1	-	-	-	-	-	-	-	-	-	-	-	-	-
23 Book Depreciation Rate	Worksheet B-1, 2, 2008, 2009, 2010	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%	1.6667%
24 Book Depreciation Expense	Line 22, 23, 2008, 2009, 2010	-	-	-	-	-	-	-	-	-	-	-	-	-

DEFERRED INCOME TAXES:

25 Software Expense	Worksheet C-1	198,551	188,855	212,290	887,368	193,945	1,940,670	215,158	198,798	1,542,255	1,710,308	222,782	212,614	7,532,532
26 Tax Depreciation	Worksheet C-1	140,162	164,861	244,082	346,031	513,831	845,488	393,918	423,180	455,718	482,715	533,634	577,776	5,151,457
27 (CPI Income)	Worksheet C-1	-	-	-	-	-	-	-	-	-	-	-	-	-
28 Book Depreciation on Cash Basis (excluding AFUDC)	Line 13, 2008, 2009, 2010	42,118	47,470	53,219	61,083	68,786	77,100	83,425	90,784	98,830	105,581	113,280	120,504	861,319
29 (AFUDC Debt Income)	Worksheet C-1	-	-	-	-	-	-	-	-	-	-	-	-	-
30 AFUDC Debt Depreciation	Line 1	-	-	-	-	-	-	-	-	-	-	-	-	-
31 Tax Expense/(Income) minus Book Expense/(Income)	Line 25, 26, 27, 28, 29, 30	298,506	324,448	403,132	872,368	636,901	2,769,058	525,648	532,173	1,891,943	2,087,482	653,136	689,685	11,722,640
32 Combined Fed & State Tax Rate	Line 31	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%	39.21%
33 Deferred Income Taxes	Line 31, 32, 33	116,282	127,292	158,050	361,221	250,520	1,083,100	204,083	208,641	744,842	822,330	256,065	262,593	4,595,919
34 Accumulated Deferred Income Taxes	Line 33, 34	2,644,037	2,771,299	2,929,259	3,310,489	3,380,999	4,023,089	4,829,182	5,037,823	5,782,705	6,805,029	8,061,881	7,123,644	7,123,644

Summary of Revenue Requirements

35 O&M Expense	Line 12	457,469	548,048	364,501	771,496	504,248	748,347	323,044	457,480	341,507	377,689	372,357	679,408	5,867,578
35a Insurance	Line 11b	893	1,080	1,241	1,407	1,730	1,987	2,187	2,407	2,619	2,843	3,079	3,300	24,853
36 Depreciation	Line 18	42,118	47,470	53,219	61,083	68,786	77,100	83,425	90,784	98,830	105,581	113,280	120,504	861,319
37 Cost of Capital	Line 9, 10	151,381	182,542	216,320	263,038	306,892	348,276	354,108	424,910	458,801	495,855	538,133	578,695	4,351,817
38 General Taxes	Line 11a	6,308	8,960	11,681	14,073	16,258	18,774	20,558	22,830	24,622	26,723	29,841	31,023	233,820
39 Income Taxes	Line 34	73,024	88,882	102,835	125,184	145,633	166,183	182,773	202,181	218,889	235,950	256,544	273,738	2,070,897
40 Total	Line 35, 35a, 36, 37, 38, 39	732,261	875,941	788,678	1,236,328	1,042,709	1,353,639	898,085	1,209,403	1,145,079	1,244,801	1,313,213	1,089,437	13,599,882

41 SC DSM Program Allocation Factors

	W/P B	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%	13.837%
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Summary of SC Revenue Requirements

42 O&M Expense	Line 35a, Line 1	83,303	75,834	53,204	108,753	80,773	162,442	44,780	83,302	47,255	52,258	51,523	94,018	824,325
42a Insurance	Line 35a, Line 1	128	147	172	207	239	278	303	333	362	393	426	457	3,438
43 Depreciation	Line 36, Line 1	5,828	6,567	7,384	8,449	9,518	10,898	11,544	12,582	13,584	14,907	15,872	16,574	133,019
44 Cost of Capital	Line 37, Line 1	20,344	25,258	28,032	35,397	42,349	46,324	53,148	58,795	63,595	68,812	74,800	80,181	602,137
45 General Taxes	Line 38, Line 1	1,162	1,378	1,614	1,947	2,259	2,598	2,845	3,131	3,467	3,898	4,085	4,283	32,328
46 Income Taxes	Line 39, Line 1	6,998	12,019	14,243	17,318	20,151	22,995	25,291	27,977	30,262	32,646	35,498	38,154	286,524
47 Total	Line 42, 42a, 43, 44, 45, 46	101,324	121,205	104,528	171,672	144,281	347,304	137,831	166,101	158,448	172,216	181,724	233,788	1,881,820

Progress Energy Carolinas, Inc.

Calculation Tax and Return Related Input Factors

	Component	12/31/08 Balance	Percent	Rate	Wgt'd Rate	Net of Tax Wgt'd Cost	Pre Tax Wgt'd Cost
1	Debt	\$ 3,487,006,847	42.79%	6.01%	2.57%	1.56% (a)	2.57%
2	Preferred	59,333,982	0.73%	5.00%	0.04%	0.04%	0.07% (b)
3	Common	4,603,661,263	56.49%	12.75%	7.20%	7.20%	11.84% (c)
4	Total	8,150,002,093	100.00%		9.81%	8.80%	14.48%
5							
6	After Tax Cost of Debt						
7	Wgt'd Debt Component				2.57%		
8	PEC Composite Income Tax Rate				39.21% (d)		
9	Federal Income Tax Amount				1.01%		
10							
11	After Tax Debt Cost Component				1.56% (a)		
12							
13	Incremental Tax Rate						
14	Pretax Debt Component				2.57%		
15	After-Tax Debt Component				1.56%		
16	After Tax Percent of Pretax Amt				60.79%		
17	Effective Incremental Tax Rate						
18	(1 - After Tax Percent of Pretax)				39.21% (d)		
19							
20	Pre Tax Cost of Equity						
21	Wgt'd Common Equity Component					7.20%	
22	Wgt'd Preferred Component				0.04%		
23	Total Equity					7.20%	
24	After Tax Percent of Pretax Amt				60.79%	60.79%	
25	Pre Tax Cost of Equity						
26	(Pre Tax Cost of Equity / After Tax Percent of Pretax Amt)				0.07% (b)	11.84% (c)	
27							
28							
29	Composite Income Tax Rate						
30							
31	Jurisdiction			Rate			
32	Federal			32.7355%			
33	North Carolina			5.8400%			
34	South Carolina			0.6300%			
35	PEC Composite Income Tax Rate			39.2055% (d)			
36							
37				FERC Form 1			
38				Page 112			
39	Common Stock			Line 1	1,759,809,101		
40	Other Paid In Capital			Line 7	323,045,582		
41	Retained Earnings			Line 11	2,556,197,649		
42	Accumulated Other Comprehensive Income			Line 15	(35,391,070)		
43	Total Common Equity				4,603,661,263		

See
Lines 39
thru 42

W/P C-1A

Name of Respondent Carolina Power & Light Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) 04/20/2009	Year/Period of end of 2008/Q4	<div style="border: 1px solid black; padding: 2px; display: inline-block;">W/PC-1A</div>
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	1,759,809,101	1,759,809,101
3	Preferred Stock Issued (204)	250-251	59,333,982	59,333,982
4	Capital Stock Subscribed (202, 205)	252	0	0
5	Stock Liability for Conversion (203, 206)	252	0	0
6	Premium on Capital Stock (207)	252	0	0
7	Other Paid-In Capital (208-211)	253	323,045,582	294,235,401
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	2,556,197,649	2,021,802,893
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	-278,311,444	-276,819,749
13	(Less) Required Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-35,391,070	-10,360,817
16	Total Proprietary Capital (lines 2 through 15)		4,384,683,800	3,848,000,811
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	2,993,725,000	2,668,725,000
19	(Less) Required Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	500,000,000	800,003,500
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		6,718,153	7,530,877
24	Total Long-Term Debt (lines 18 through 23)		3,487,006,847	3,461,197,623
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		14,621,092	15,679,038
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		4,726,952	3,971,269
29	Accumulated Provision for Pensions and Benefits (228.3)		823,045,514	419,722,628
30	Accumulated Miscellaneous Operating Provisions (228.4)		46,003,509	71,046,280
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		5,181,094	7,149,226
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		54,173,501	566,614
34	Asset Retirement Obligations (230)		1,122,111,771	1,063,035,919
35	Total Other Noncurrent Liabilities (lines 26 through 34)		2,069,863,433	1,581,170,974
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		110,000,000	6,066,612
38	Accounts Payable (232)		362,393,726	296,526,329
39	Notes Payable to Associated Companies (233)		0	153,897,813
40	Accounts Payable to Associated Companies (234)		81,392,641	70,775,624
41	Customer Deposits (235)		81,832,399	70,139,784
42	Taxes Accrued (236)	262-263	-75,070,491	45,134,126
43	Interest Accrued (237)		58,626,095	58,027,360
44	Dividends Declared (238)		1,482,085	1,482,085
45	Matured Long-Term Debt (239)		0	0

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[illegible]

Tax Depreciation on DSDR - Distribution Plant

Distribution	Amts =>Svc	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Apr-09	1,942,433	8,093	8,093	8,093	8,093	8,093	8,093	11,685	11,685	11,685	11,685	11,685	11,685
May-09	3,346,148	15,685	15,685	15,685	15,685	15,685	15,685	20,130	20,130	20,130	20,130	20,130	20,130
Jun-09	3,918,962	20,994	20,994	20,994	20,994	20,994	20,994	23,576	23,576	23,576	23,576	23,576	23,576
Jul-09	2,612,959	16,331	16,331	16,331	16,331	16,331	16,331	15,719	15,719	15,719	15,719	15,719	15,719
Aug-09	3,282,923	-	24,622	24,622	24,622	24,622	24,622	19,750	19,750	19,750	19,750	19,750	19,750
Sep-09	3,645,541	-	-	34,177	34,177	34,177	34,177	21,931	21,931	21,931	21,931	21,931	21,931
Oct-09	5,445,116	-	-	-	68,064	68,064	68,064	32,757	32,757	32,757	32,757	32,757	32,757
Nov-09	4,382,935	-	-	-	-	82,180	82,180	26,367	26,367	26,367	26,367	26,367	26,367
Dec-09	5,560,231	-	-	-	-	-	208,509	33,449	33,449	33,449	33,449	33,449	33,449
Jan-10	3,556,725	-	-	-	-	-	-	11,115	11,115	11,115	11,115	11,115	11,115
Feb-10	4,121,312	-	-	-	-	-	-	-	14,050	14,050	14,050	14,050	14,050
Mar-10	3,807,345	-	-	-	-	-	-	-	-	14,278	14,278	14,278	14,278
Apr-10	4,111,524	-	-	-	-	-	-	-	-	-	17,131	17,131	17,131
May-10	4,572,492	-	-	-	-	-	-	-	-	-	-	21,434	21,434
Jun-10	4,276,731	-	-	-	-	-	-	-	-	-	-	-	22,911
Total	86,612,420	101,214	125,836	160,013	228,077	310,257	518,766	258,788	272,838	287,116	304,247	325,681	348,592

[illegible]

Tax Depreciation on DSDR - Communications Equipment

Comm Equip	Amts => Svc	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Apr-09	172,357	2,737	2,737	2,737	2,737	2,737	2,737	3,518	3,518	3,518	3,518	3,518	3,518
May-09	343,324	6,133	6,133	6,133	6,133	6,133	6,133	7,007	7,007	7,007	7,007	7,007	7,007
Jun-09	593,425	12,114	12,114	12,114	12,114	12,114	12,114	12,111	12,111	12,111	12,111	12,111	12,111
Jul-09	754,292	17,965	17,965	17,965	17,965	17,965	17,965	15,394	15,394	15,394	15,394	15,394	15,394
Aug-09	705,981	-	20,177	20,177	20,177	20,177	20,177	14,408	14,408	14,408	14,408	14,408	14,408
Sep-09	697,656	-	-	24,924	24,924	24,924	24,924	14,238	14,238	14,238	14,238	14,238	14,238
Oct-09	711,797	-	-	-	33,905	33,905	33,905	14,527	14,527	14,527	14,527	14,527	14,527
Nov-09	1,198,323	-	-	-	-	85,620	85,620	24,456	24,456	24,456	24,456	24,456	24,456
Dec-09	861,776	-	-	-	-	-	123,148	17,587	17,587	17,587	17,587	17,587	17,587
Jan-10	998,039	-	-	-	-	-	-	11,885	11,885	11,885	11,885	11,885	11,885
Feb-10	1,169,489	-	-	-	-	-	-	-	15,193	15,193	15,193	15,193	15,193
Mar-10	1,279,232	-	-	-	-	-	-	-	-	18,280	18,280	18,280	18,280
Apr-10	1,251,149	-	-	-	-	-	-	-	-	-	19,865	19,865	19,865
May-10	1,090,847	-	-	-	-	-	-	-	-	-	-	19,485	19,485
Jun-10	1,039,989	-	-	-	-	-	-	-	-	-	-	-	21,231
Total	18,823,867	38,948	59,125	84,049	117,954	203,575	326,722	135,130	150,322	168,602	188,468	207,953	229,184
Total Tax Depreciation		140,162	184,961	244,062	346,031	513,831	845,488	393,918	423,160	455,718	492,715	533,634	577,776

Plant in Service Calculations - OSOR Program

- 1 AFUDC Debt Rate
- 2 AFUDC Equity Rate
- 3 CPI Rate

Distribution Plant (35 yr Book Life 20 yr Tax Life)

Book Basis	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13
4 Beginning Book CWP	0	0	0	0	0	0	0	0	0	0	0	0
5 AFUDC Debt	2,612,959	3,282,923	3,645,541	5,445,116	4,382,935	5,560,231	3,556,725	4,121,312	3,807,345	4,111,524	4,572,492	4,276,731
6 AFUDC Equity	2,612,959	3,282,923	3,645,541	5,445,116	4,382,935	5,560,231	3,556,725	4,121,312	3,807,345	4,111,524	4,572,492	4,276,731
7 Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0	0
8 Closed to Plant in Service	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432
9 Ending Book CWP	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432
10 Gross Plant in Service - Book	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432
Tax Basis												
11 Beginning Tax CWP	0	0	0	0	0	0	0	0	0	0	0	0
12 CPI	2,612,959	3,282,923	3,645,541	5,445,116	4,382,935	5,560,231	3,556,725	4,121,312	3,807,345	4,111,524	4,572,492	4,276,731
13 Capital Expenditures	2,612,959	3,282,923	3,645,541	5,445,116	4,382,935	5,560,231	3,556,725	4,121,312	3,807,345	4,111,524	4,572,492	4,276,731
14 Closed to Plant in Service - Tax Basis	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432
15 Ending Tax CWP	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432
16 Gross Plant in Service - Tax Basis	19,206,556	22,489,479	26,135,020	31,560,136	35,983,071	41,523,303	45,080,028	49,201,339	53,006,685	57,120,208	61,692,701	65,969,432

Communications Equipment (18 yr Book Life 7 yr Tax Life)

Book Basis	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16
17 Beginning Book CWP	0	0	0	0	0	0	0	0	0	0	0	0
18 AFUDC Debt	754,292	705,981	697,656	711,797	1,198,323	861,776	998,039	1,169,489	1,279,232	1,251,149	1,090,847	1,039,989
19 AFUDC Equity	754,292	705,981	697,656	711,797	1,198,323	861,776	998,039	1,169,489	1,279,232	1,251,149	1,090,847	1,039,989
20 Capital Expenditures	0	0	0	0	0	0	0	0	0	0	0	0
21 Closed to Plant in Service	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526
22 Ending Book CWP	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526
23 Gross Plant in Service	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526
Tax Basis												
24 Beginning Tax CWP	0	0	0	0	0	0	0	0	0	0	0	0
25 CPI	754,292	705,981	697,656	711,797	1,198,323	861,776	998,039	1,169,489	1,279,232	1,251,149	1,090,847	1,039,989
26 Capital Expenditures	754,292	705,981	697,656	711,797	1,198,323	861,776	998,039	1,169,489	1,279,232	1,251,149	1,090,847	1,039,989
27 Closed to Plant in Service - Tax Basis	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526
28 Ending Tax CWP	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526
29 Gross Plant in Service - Tax Basis	2,234,248	2,940,228	3,637,865	4,349,692	5,548,006	6,409,781	7,407,820	8,577,309	9,856,541	11,107,690	12,198,537	13,238,526

Software (5 yr Book Life, Expensed for Tax purposes)

Book Basis	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15	Month 16
30 Beginning Book CWP (For Reference Only)	3,555,796	3,754,347	3,941,303	4,153,693	4,940,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884
31 AFUDC Debt	198,551	186,956	212,290	687,398	193,946	1,940,070	215,156	199,786	1,542,255	1,710,308	232,762	212,414
32 AFUDC Equity	198,551	186,956	212,290	687,398	193,946	1,940,070	215,156	199,786	1,542,255	1,710,308	232,762	212,414
33 Capital Expenditures	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
34 Closed to Plant in Service	0	0	0	0	0	0	0	0	0	0	0	0
35 Ending Book CWP (For Reference Only)	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
36 Gross Plant in Service	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
Tax Basis												
37 Beginning Tax CWP	0	0	0	0	0	0	0	0	0	0	0	0
38 CPI	198,551	186,956	212,290	687,398	193,946	1,940,070	215,156	199,786	1,542,255	1,710,308	232,762	212,414
39 Capital Expenditures (Tax Basis)	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
40 Closed to Plant in Service - Tax Basis	0	0	0	0	0	0	0	0	0	0	0	0
41 Ending Tax CWP	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
42 Gross Plant in Service - Tax Basis	3,754,347	3,841,303	4,153,693	4,840,990	5,034,936	6,975,607	7,190,763	7,390,559	8,932,614	10,843,122	10,875,884	11,084,298
43 Memo - Software Expensed for Tax Purposes	0	0	0	0	0	0	0	0	0	0	0	0

Totals

Gross Plant in Service - Book	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10
CPI	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14	Month 15
AFUDC Debt	21,440,804	26,429,769	29,772,905	35,929,816	41,511,077	47,933,084	52,487,848	57,778,649	62,985,226	68,227,899	73,891,238	79,207,958
AFUDC Debt	21,440,804	26,429,769	29,772,905	35,929,816	41,511,077	47,933,084	52,487,848	57,778,649	62,985,226	68,227,899	73,891,238	79,207,958

Notes

- 1 - No AFUDC or CPI is accrued on the Distribution & Communications assets. These are indirect costs that will be assigned to the asset when it goes in service.
- 2 - After June 2008, Distribution & Communications assets are assumed to go in service in the same month that the capital is spent.
- 3 - All of the capital spent on Software will go in service after Nov 10, therefore only the deferred tax impacts of these expenditures are included in this rate period.
- 4 - Software capital is expensed for tax purposes & capitalized for book.

Workpapers

Section D – Determination of Utility Incentives

PROGRESS ENERGY CAROLINAS, INC.

Calculation of Program Performance Incentives

Program Incentive Calculations		Source	EnergyWise	CFL Program	CIG EE	CIG DR	Residential HEIP	Residential Home Advantage
1	Retail Utility Cost Test for Vintage	WP D-3						
2	SC Allocation Factor	Rate Period	\$ 12,839,252	\$ 3,481,313	\$ 8,372,873	\$ 783,899	\$ 340,026	\$ 471,669
3	SC Allocated Utility Cost Test	Lines 1 X 2	0.138370869	0.14943106	0.14943106	0.138370869	0.14943106	0.14943106
4	DSM Program Incentive at 8%	Lines 3 X 8%	\$ 1,776,578	\$ 520,216	\$ 1,251,167	\$ 108,469	\$ 50,810	\$ 70,482
5	EE Program Incentive at 13%	Lines 3 X 13%	\$ 142,126			\$ 8,678		
6	Program Performance Incentive (PPI)	Lines 4 + 5	\$ 142,126	\$ 67,628	\$ 162,652		\$ 6,605	\$ 9,163
7	Income Tax Rate		39.1851%	39.1851%	39.1851%	39.1851%	39.1851%	39.1851%
8	Income Taxes	-(Lines 6 X 7)	\$ (55,692)	\$ (26,500)	\$ (63,735)	\$ (3,400)	\$ (2,588)	\$ (3,590)
9	Net-of-Tax PPI - Total NPV	Lines 6 + 8	\$ 86,434	\$ 41,128	\$ 98,916	\$ 5,277	\$ 4,017	\$ 5,572
10	Vintage Year 1 - Year 1 PPI	$\frac{\text{Line 9} \times 0.088606 \times (1 + 0.088606)^{10}}{(1 + 0.088606)^{10} - 1}$	\$ 13,386	\$ 6,369	\$ 15,319	\$ 817	\$ 622	\$ 863
11	Income Tax Gross-Up Factor	1 - Line 7	60.8149%	60.8149%	60.8149%	60.8149%	60.8149%	60.8149%
12	Adjusted PPI	Line 10 / Line 11	\$ 22,010	\$ 10,473	\$ 25,189	\$ 1,344	\$ 1,023	\$ 1,419
13	Annualized Totals	Σ Line 12					\$ 61,459	
14	Period Applicability & Assignment							
15	Prior Period (4-mos for CFL)		\$ -	\$ 3,491	\$ -	\$ -	\$ -	\$ -
16	Test Period (12-mos for CFL)		\$ -	10,473	\$ -	\$ -	\$ -	\$ -
	Rate Period		22,010	10,473	25,189	1,344	1,023	1,419

PROGRESS ENERGY CAROLINAS, INC.
Calculation of Net Lost Revenues

		TEST PERIOD(S)			RATE PERIOD			
		General			General			
		Residential	Service	System	Residential	Service	System	
1	Gross Margin (Net of GRT)	WP Input	\$ 61.35	\$ 54.45	\$ 47.65	\$ 61.35	\$ 54.45	\$ 47.65
2	Less: Incremental Variable O&M	From CSP	2.07	2.07	2.07	2.13	2.13	2.13
3	Net Rate for Lost Revenue Determination / MWh	Lines 1 - 2	\$ 59.28	\$ 52.38	\$ 45.58	\$ 59.22	\$ 52.32	\$ 45.52
DSM Programs (Total Lost MWh)								
4	Residential EnergyWise	WP D-2a	-	-	-	18.23	-	-
5	DSDR	Prior Forecast	-	-	-	-	-	1,581.16
6	CIG DR	WP D-2b	-	-	-	-	2.61	-
7	Total DSM		-	-	-	18.23	2.61	1,581.16
8	SC Allocation Factors (DSM)	WP B	13.27%	13.27%	13.27%	13.84%	13.84%	13.84%
DSM Programs (SC Lost MWh)								
9	Residential EnergyWise	Lines 4 X 8	-	-	-	2.52	-	-
10	DSDR	Lines 5 X 8	-	-	-	-	-	218.79
11	CIG DR	Lines 6 X 8	-	-	-	-	0.36	-
12	Total DSM	Σ Lines 9 thru 11	-	-	-	2.52	0.36	218.79
DSM Programs (SC Net Lost Revenues)								
13	Residential EnergyWise	Lines 3 X 9	\$ -	\$ -	\$ -	\$ 149.35	\$ -	\$ -
14	DSDR	Lines 3 X 10	-	-	-	-	-	9,959.16
15	CIG DR	Lines 3 X 11	-	-	-	-	18.93	-
16	Total DSM	Σ Lines 13 thru 15	\$ -	\$ -	\$ -	\$ 149.35	\$ 18.93	\$ 9,959.16
EE Programs (Total Lost MWh)								
17	Residential Home Advantage	WP D-2a	17.61	-	-	2,707.86	-	-
18	Residential Home Energy Improvement	WP D-2a	-	-	-	1,560.23	-	-
19	Residential Low Income Program	WP D-2a	-	-	-	2,824.05	-	-
20	CIG Energy Efficiency	WP D-2b	-	-	-	-	9,292.72	-
21	Pilot CFL Program	WP D-2a	10,617.77	-	-	6,705.96	-	-
22	Total EE	Σ Lines 17 thru 21	10,635.38	-	-	13,798.10	9,292.72	-
23	SC Allocation Factors (EE)	WP B	15.19%	15.19%	15.19%	14.94%	14.94%	15.19%
EE Programs (SC Lost MWh)								
24	Residential Home Advantage	Lines 17 X 23	2.68	-	-	404.64	-	-
25	Residential Home Energy Improvement	Lines 18 X 23	-	-	-	233.15	-	-
26	Residential Low Income Program	Lines 19 X 23	-	-	-	422.00	-	-
27	CIG Energy Efficiency	Lines 20 X 23	-	-	-	-	1,388.62	-
28	Pilot CFL Program	Lines 21 X 23	1,613.24	-	-	1,002.08	-	-
29	Total EE	Σ Lines 24 thru 28	1,615.91	-	-	2,061.86	1,388.62	-
EE Programs (SC Net Lost Revenues)								
30	Residential Home Advantage	Lines 3 X 24	\$ 158.63	\$ -	\$ -	\$ 23,962.65	\$ -	\$ -
31	Residential Home Energy Improvement	Lines 3 X 25	-	-	-	13,806.98	-	-
32	Residential Low Income Program	Lines 3 X 26	-	-	-	24,990.89	-	-
33	CIG Energy Efficiency	Lines 3 X 27	-	-	-	-	72,652.61	-
34	Pilot CFL Program	Lines 3 X 28	95,632.77	-	-	59,343.09	-	-
35	Total EE	Σ Lines 30 thru 34	\$ 95,791.40	\$ -	\$ -	\$ 122,103.61	\$ 72,652.61	\$ -

	NES Program				Home Advantage				HEIP Program				Home Depot CFL Program				EnergyWise Program			
	MWH	Σ MWH	kW	Σ kW	MWH	Σ MWH	kW	Σ kW	MWH	Σ MWH	kW	Σ kW	MWH	Σ MWH	kW	Σ kW	MWH	Σ MWH	kW	Σ kW
Jan-09	-	-	-	-	47	47	17	17	-	-	-	-	-	7,093	7,093	657	-	-	-	-
Feb-09	-	-	-	-	15	63	5	22	-	-	-	-	-	7,093	7,093	657	-	-	-	-
Mar-09	-	-	-	-	51	114	17	39	-	-	-	-	-	7,093	7,093	657	-	-	-	-
Apr-09	-	-	-	-	255	369	78	117	-	-	-	-	-	7,093	7,093	657	-	-	-	-
May-09	-	-	-	-	255	624	78	195	-	-	-	-	-	7,093	7,093	657	-	-	-	-
Jun-09	350	350	54	54	255	879	78	273	-	-	-	-	-	7,093	7,093	657	-	-	1,533	2,249
Jul-09	350	700	54	108	255	1,134	78	351	100	100	100	100	100	7,093	7,093	657	3	1,789	4,038	220
Aug-09	350	1,050	54	162	257	1,391	79	430	204	304	172	272	272	7,093	7,093	657	10	13	1,789	5,827
Sep-09	350	1,400	54	216	257	1,648	79	509	204	508	172	444	444	7,093	7,093	657	-	13	7,616	220
Oct-09	350	1,750	54	270	256	1,904	79	588	204	712	172	616	616	7,093	7,093	657	-	13	1,661	9,277
Nov-09	359	2,109	55	325	254	2,158	79	667	204	916	172	788	788	7,093	7,093	657	-	13	1,538	10,938
Dec-09	350	2,459	54	379	253	2,413	79	746	206	1,122	172	960	960	7,093	7,093	657	2	15	2,223	12,471
Jan-10	520	2,979	80	459	400	2,813	122	868	448	1,570	350	1,310	1,310	7,093	7,093	657	19	2,223	14,694	273
Feb-10	590	3,569	84	543	400	3,213	122	990	448	2,018	350	1,660	1,660	7,093	7,093	657	4	19	2,249	16,318
Mar-10	530	4,099	82	625	470	3,683	145	1,135	448	2,466	350	2,010	2,010	7,093	7,093	657	-	19	2,300	18,167
Apr-10	590	4,689	85	710	505	4,188	156	1,291	448	2,914	350	2,360	2,360	7,093	7,093	657	-	19	2,428	20,000
May-10	530	5,219	82	792	505	4,693	156	1,447	448	3,362	350	2,710	2,710	7,093	7,093	657	-	19	2,534	22,428
Jun-10	600	5,819	85	877	440	5,133	135	1,582	448	3,810	350	3,060	3,060	7,093	7,093	657	-	19	2,642	25,349
Jul-10	530	6,349	85	959	610	5,743	187	1,769	448	4,258	350	3,410	3,410	7,093	7,093	657	-	19	2,750	28,894
Aug-10	590	6,939	85	1,044	640	6,383	198	1,967	448	4,706	350	3,760	3,760	7,093	7,093	657	25	44	3,067	30,028
Sep-10	530	7,469	82	1,126	746	7,023	198	2,165	448	5,154	350	4,110	4,110	7,093	7,093	657	54	98	3,067	33,067
Oct-10	590	8,059	84	1,210	440	7,463	135	2,300	448	5,602	350	4,460	4,460	7,093	7,093	657	-	98	3,067	36,161
Nov-10	513	8,572	81	1,291	503	7,966	156	2,456	448	6,050	350	4,810	4,810	7,093	7,093	657	-	98	2,172	38,333
Dec-10	590	9,162	84	1,375	430	8,396	139	2,595	446	6,496	350	5,160	5,160	7,093	7,093	657	-	98	2,172	40,506
Jan-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	6	104	2,534	45,212
Feb-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	12	116	2,534	47,746
Mar-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	116	2,534	50,280
Apr-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	116	2,534	52,815
May-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	116	2,534	55,349
Jun-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	116	2,534	57,883
Jul-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	165	2,534	60,417
Aug-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	48	165	2,534	62,951
Sep-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	103	268	2,534	65,485
Oct-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	268	2,534	68,020
Nov-11	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	268	2,534	70,554
Dec-11	1,638	10,800	184	1,559	2,412	10,808	746	3,341	4,154	10,650	3,340	8,500	8,500	7,093	7,093	657	-	268	2,534	73,088
Jan-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	10	278	2,534	75,622
Feb-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	20	298	2,534	78,157
Mar-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	298	2,534	80,691
Apr-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	298	2,534	83,225
May-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	298	2,534	85,759
Jun-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	298	2,534	88,293
Jul-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	298	2,534	90,828
Aug-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	74	373	2,534	93,362
Sep-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	153	526	2,534	95,896
Oct-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	526	2,534	98,430
Nov-12	-	-	-	-	-	-	-	-	-	-	-	-	-	7,093	7,093	657	-	526	2,534	100,964
Dec-12	4,098	14,898	563	2,122	6,755	17,563	2,087	5,428	5,459	16,109	4,400	12,900	12,900	7,093	7,093	657	-	526	2,534	103,499
2009	-	2,459	-	379	-	2,413	-	746	-	1,122	-	960	960	7,093	7,093	657	13	-	-	12,471
2010	-	9,162	-	1,375	-	8,396	-	2,595	-	6,496	-	5,160	5,160	7,093	7,093	657	98	-	-	42,678
2011	-	10,800	-	1,559	-	10,800	-	3,341	-	10,650	-	7,093	7,093	7,093	7,093	657	268	-	-	71,088
2012	-	14,898	-	2,122	-	17,563	-	5,428	-	16,109	-	12,900	12,900	7,093	7,093	657	526	-	-	103,499

Annualized CIG Program Impact Estimates

	CIG DR				CIG EE			
	MWH	Σ MWH	kW	Σ kW	MWH	Σ MWH	kW	Σ kW
Jan-09	-	-	-	-	-	-	-	-
Feb-09	-	-	-	-	-	-	-	-
Mar-09	-	-	-	-	-	-	-	-
Apr-09	-	-	-	-	-	-	-	-
May-09	-	-	-	-	761	761	185	185
Jun-09	-	-	-	-	827	1,589	201	386
Jul-09	-	-	-	-	899	2,488	219	605
Aug-09	3	3	250	250	977	3,466	238	842
Sep-09	-	3	250	500	1,062	4,528	258	1,100
Oct-09	-	3	500	1,000	1,155	5,683	281	1,381
Nov-09	-	3	250	1,250	1,255	6,938	305	1,686
Dec-09	-	3	250	1,500	1,364	8,302	332	2,017
Jan-10	-	3	425	1,925	1,483	9,785	360	2,378
Feb-10	-	3	1,063	2,988	1,612	11,396	392	2,769
Mar-10	-	3	1,275	4,263	1,752	13,148	426	3,195
Apr-10	-	3	1,275	5,538	1,904	15,052	463	3,658
May-10	-	3	1,275	6,813	2,103	17,155	511	4,169
Jun-10	-	3	850	7,663	2,175	19,330	529	4,698
Jul-10	49	52	425	8,088	2,248	21,579	547	5,245
Aug-10	102	154	425	8,513	2,325	23,903	565	5,810
Sep-10	-	154	638	9,150	2,403	26,307	584	6,394
Oct-10	-	154	638	9,788	2,485	28,792	604	6,999
Nov-10	-	154	213	10,000	2,569	31,361	625	7,623
Dec-10	-	154	-	10,000	2,656	34,017	646	8,269
Jan-11	-	154	1,000	11,000	2,746	36,763	668	8,937
Feb-11	-	154	2,500	13,500	2,839	39,603	690	9,627
Mar-11	-	154	3,000	16,500	2,936	42,538	714	10,341
Apr-11	-	154	3,000	19,500	3,035	45,573	738	11,079
May-11	-	154	3,000	22,500	3,219	48,792	782	11,861
Jun-11	-	154	2,000	24,500	3,314	52,106	806	12,667
Jul-11	153	307	1,000	25,500	3,412	55,518	829	13,496
Aug-11	318	625	1,000	26,500	3,513	59,031	854	14,350
Sep-11	-	625	1,500	28,000	3,617	62,648	879	15,229
Oct-11	-	625	1,500	29,500	3,724	66,371	905	16,135
Nov-11	-	625	500	30,000	3,834	70,206	932	17,067
Dec-11	-	625	-	30,000	3,948	74,153	960	18,026
Jan-12	-	625	750	30,750	4,064	78,218	988	19,014
Feb-12	-	625	1,875	32,625	4,185	82,403	1,017	20,031
Mar-12	-	625	2,250	34,875	4,309	86,711	1,047	21,079
Apr-12	-	625	2,250	37,125	4,436	91,147	1,078	22,157
May-12	-	625	2,250	39,375	4,527	95,674	1,100	23,257
Jun-12	-	625	1,500	40,875	4,611	100,285	1,120	24,378
Jul-12	250	874	750	41,625	4,696	104,981	1,141	25,519
Aug-12	509	1,383	750	42,375	4,783	109,764	1,162	26,681
Sep-12	-	1,383	1,125	43,500	4,871	114,635	1,184	27,865
Oct-12	-	1,383	1,125	44,625	4,962	119,597	1,206	29,070
Nov-12	-	1,383	375	45,000	5,053	124,650	1,228	30,298
Dec-12	-	1,383	-	45,000	5,147	129,797	1,251	31,549

2009	3	1,500	8,302	2,017
2010	154	10,000	34,017	8,269
2011	625	30,000	74,153	18,026
2012	1,383	45,000	129,797	31,549

Utility Cost (UC) Test

PROGRAM: PEC ENERGYWISE -- Vintage Year 1

YEAR	BENEFITS				COSTS				(9) NET BENEFITS \$(000)	PROGRAM IMPACTS					
	(1) TOTAL SAVINGS \$(000)	(2) AVOIDED T&D CAP. COSTS \$(000)	(3) AVOIDED GEN. CAP. COSTS \$(000)	(4) TOTAL BENEFITS \$(000)	(5) TOTAL FUEL & O&M INCREASE \$(000)	(6) UTILITY PROGRAM COSTS \$(000)	(7) INCENTIVE PAYMENTS \$(000)	(8) TOTAL COSTS \$(000)		(10) Co. Peak MW Impacts at Gen	(11) Avoided Cost/kW (\$)	(12) Co. Peak MW Impacts at Meter	(13) Energy GWh Impacts at Gen	(14) Avoided Cost/kWh (\$)	(15) Energy GWh Impacts at Meter
	FUEL & O&M SAVINGS	AVOIDED T&D CAP.	AVOIDED GEN. CAP.	TOTAL BENEFITS	FUEL & O&M INCREASE	UTILITY PROGRAM COSTS	INCENTIVE PAYMENTS	TOTAL COSTS		Co. Peak MW Impacts	Avoided Cost/kW	Co. Peak MW Impacts at Meter	Energy GWh Impacts at Gen	Avoided Cost/kWh	Energy GWh Impacts at Meter
Year-1	267	0	1,266	1,534	0	4,492	325	4,817	-3,283	15,547	81,456	14,700	0.002	106,990	0.002
Year-2	308	0	1,310	1,618	0	291	322	613	1,005	15,500	84,510	14,656	0.012	24,928	0.012
Year-3	291	0	1,347	1,638	0	192	319	510	1,128	15,361	87,679	14,524	0.013	21,809	0.013
Year-4	299	0	1,384	1,683	0	152	315	468	1,215	15,213	90,968	14,384	0.007	43,854	0.006
Year-5	294	0	1,422	1,716	0	131	312	443	1,272	15,064	94,379	14,243	0.015	19,246	0.014
Year-6	301	0	1,473	1,774	0	246	309	555	1,219	15,045	97,918	14,225	0.012	25,249	0.011
Year-7	314	0	1,523	1,837	0	238	306	544	1,293	14,987	101,591	14,170	0.025	12,442	0.024
Year-8	317	0	1,564	1,881	0	247	303	550	1,331	14,837	105,400	14,028	0.026	12,394	0.024
Year-9	326	0	1,606	1,932	0	249	300	549	1,384	14,688	109,353	13,888	0.025	13,073	0.024
Year-10	331	0	1,650	1,981	0	251	297	548	1,433	14,541	113,453	13,749	0.027	12,065	0.026
Year-11	340	0	1,695	2,035	0	259	294	553	1,482	14,396	117,707	13,611	0.003	100,431	0.003
Year-12	359	0	1,740	2,100	0	263	291	554	1,546	14,252	122,122	13,475	0.001	498,157	0.001
Year-13	362	0	1,788	2,150	0	267	288	555	1,595	14,109	126,702	13,340	0.002	210,706	0.002
Year-14	359	0	1,836	2,195	0	271	285	556	1,639	13,968	131,453	13,207	0.002	155,165	0.002
Year-15	366	0	1,886	2,252	0	274	282	557	1,695	13,829	136,382	13,075	0.005	77,052	0.004
Year-16	369	0	1,937	2,307	0	278	280	558	1,749	13,690	141,497	12,944	0.009	38,875	0.009
Year-17	373	0	1,990	2,363	0	283	277	559	1,804	13,553	146,802	12,815	0.016	23,676	0.015
Year-18	379	0	2,044	2,423	0	287	274	561	1,862	13,418	152,308	12,687	0.021	18,323	0.020
Year-19	375	0	2,099	2,474	0	291	271	562	1,912	13,284	158,019	12,560	0.016	22,911	0.015
Year-20	380	0	2,156	2,536	0	295	269	564	1,972	13,151	163,945	12,434	0.014	27,242	0.013
Year-21	391	0	2,215	2,605	0	299	266	565	2,040	13,019	170,094	12,310	0.015	25,814	0.014
Year-22	397	0	2,275	2,672	0	304	263	567	2,105	12,889	176,471	12,187	0.020	20,357	0.018
Year-23	402	0	2,336	2,738	0	308	261	569	2,170	12,760	183,088	12,065	0.015	26,234	0.014
Year-24	407	0	2,400	2,807	0	313	258	571	2,236	12,633	189,954	11,944	0.015	26,475	0.015
Year-25	406	0	2,465	2,871	0	317	255	573	2,298	12,506	197,078	11,825	0.020	20,748	0.019
Year-26	411	0	2,532	2,943	0	322	253	575	2,368	12,381	204,469	11,706	0.016	26,171	0.015
Year-27	418	0	2,600	3,018	0	327	250	577	2,441	12,258	212,136	11,589	0.022	19,253	0.021
Year-28	421	0	2,671	3,092	0	332	248	579	2,513	12,135	220,091	11,474	0.017	24,221	0.016
Year-29	421	0	2,743	3,164	0	336	245	582	2,582	12,014	228,345	11,359	0.018	23,078	0.017
NOMINAL	10,386	0	55,950	66,336	0	12,114	8,217	20,331	46,005						
NPV	3,887	0	19,617	23,504	0	7,160	3,505	10,665	12,839						

Utility Discount Rate = 8.30
Benefit Cost Ratio = 2.204

Utility Cost (UC) Test

PROGRAM: PEC 2007 Home Depot CFL Buydown

YEAR	BENEFITS				COSTS				(9) NET BENEFITS \$(000)	PROGRAM IMPACTS					
	(1) TOTAL FUEL & O&M SAVINGS \$(000)	(2) AVOIDED T&D CAP. COSTS \$(000)	(3) AVOIDED GEN. CAP. COSTS \$(000)	(4) TOTAL BENEFITS \$(000)	(5) TOTAL FUEL & O&M INCREASE \$(000)	(6) UTILITY PROGRAM COSTS \$(000)	(7) INCENTIVE PAYMENTS \$(000)	(8) TOTAL COSTS \$(000)		(10) Co. Peak MW Impacts at Gen	(11) Avoided Cost /kW (\$)	(12) Co. Peak MW Impacts at Meter	(13) Energy GWh Impacts at Gen	(14) Avoided Cost /kWh (\$)	(15) Energy GWh Impacts at Meter
Year-1	378	29	43	450	0	75	240	315	135	0.857	109,347	0.621	0.007	0.053	0.007
Year-2	422	30	44	497	0	0	0	0	497	0.857	113,210	0.621	0.007	0.060	0.007
Year-3	464	31	46	541	0	0	0	0	541	0.857	117,213	0.621	0.007	0.065	0.007
Year-4	409	32	48	488	0	0	0	0	488	0.857	121,360	0.621	0.007	0.058	0.007
Year-5	416	33	49	499	0	0	0	0	499	0.857	125,657	0.621	0.007	0.059	0.007
Year-6	433	34	51	518	0	0	0	0	518	0.857	130,110	0.621	0.007	0.061	0.007
Year-7	472	35	53	560	0	0	0	0	560	0.857	134,724	0.621	0.007	0.066	0.007
Year-8	499	36	55	590	0	0	0	0	590	0.857	139,505	0.621	0.007	0.070	0.007
Year-9	529	38	57	624	0	0	0	0	624	0.857	144,459	0.621	0.007	0.075	0.007
Year-10	552	39	59	650	0	0	0	0	650	0.857	149,591	0.621	0.007	0.078	0.007
Year-11	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-12	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-13	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-14	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-15	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-16	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-17	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-18	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-19	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-20	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-21	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-22	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-23	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-24	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-25	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-26	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-27	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-28	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-29	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
NOMINAL	4,573	338	506	5,417	0	75	240	315	5,102						
NPV	3,205	237	354	3,796	0	75	240	315	3,481						

Utility Discount Rate = 8.30
Benefit Cost Ratio = 12.057

Utility Cost (UC) Test

PROGRAM: PEC CIG ENERGY EFFICIENCY - Vintage Yr-1

YEAR	BENEFITS				COSTS			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	TOTAL FUEL & O&M SAVINGS \$(000)	AVOIDED T&D CAP. COSTS \$(000)	AVOIDED GEN. CAP. COSTS \$(000)	TOTAL BENEFITS \$(000)	TOTAL FUEL & O&M INCREASE \$(000)	UTILITY PROGRAM COSTS \$(000)	INCENTIVE PAYMENTS \$(000)	TOTAL COSTS \$(000)
Year-1	1,187	172	240	1,599	0	2,829	2,476	5,304
Year-2	1,236	178	249	1,663	0	0	0	0
Year-3	1,027	184	259	1,470	0	0	0	0
Year-4	1,222	190	270	1,681	0	0	0	0
Year-5	1,238	197	281	1,715	0	0	0	0
Year-6	1,289	203	292	1,784	0	0	0	0
Year-7	1,357	210	303	1,870	0	0	0	0
Year-8	1,444	218	316	1,977	0	0	0	0
Year-9	1,505	225	328	2,058	0	0	0	0
Year-10	1,359	201	294	1,854	0	0	0	0
Year-11	1,183	192	284	1,659	0	0	0	0
Year-12	1,088	199	295	1,582	0	0	0	0
Year-13	345	82	122	549	0	0	0	0
Year-14	369	85	127	580	0	0	0	0
Year-15	246	65	98	408	0	0	0	0
Year-16	106	17	25	148	0	0	0	0
Year-17	114	17	26	157	0	0	0	0
Year-18	121	18	27	166	0	0	0	0
Year-19	126	19	28	172	0	0	0	0
Year-20	131	19	30	180	0	0	0	0
Year-21	0	0	0	0	0	0	0	0
Year-22	0	0	0	0	0	0	0	0
Year-23	0	0	0	0	0	0	0	0
Year-24	0	0	0	0	0	0	0	0
Year-25	0	0	0	0	0	0	0	0
Year-26	0	0	0	0	0	0	0	0
Year-27	0	0	0	0	0	0	0	0
Year-28	0	0	0	0	0	0	0	0
Year-29	0	0	0	0	0	0	0	0
NOMINAL	16,688	2,690	3,894	23,271	0	2,829	2,476	5,304
NPV	9,567	1,514	2,176	13,257	0	2,605	2,279	4,884

Utility Discount Rate = 8.60
Benefit Cost Ratio = 2.714

17,967

8,373

Utility Cost (UC) Test

PROGRAM: PEC CIG DR

YEAR	BENEFITS				COSTS				PROGRAM IMPACTS						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL FUEL & O&M SAVINGS \$(000)	AVOIDED T&D CAP. COSTS \$(000)	AVOIDED GEN. CAP. COSTS \$(000)	TOTAL BENEFITS \$(000)	TOTAL FUEL & O&M INCREASE \$(000)	UTILITY PROGRAM COSTS \$(000)	INCENTIVE PAYMENTS \$(000)	TOTAL COSTS \$(000)	NET BENEFITS \$(000)	Co. Peak MW Impacts at Gen	Avoided Cost \$/kW (\$)	Co. Peak MW Impacts at Meter	Energy GWh Impacts at Gen	Avoided Cost \$/kWh (\$)	Energy GWh Impacts at Meter
Year-1	13	0	121	133	0	607	90	697	-584	1,474	82,052	1,410	0.029	0.426	0.028
Year-2	17	0	126	143	0	9	62	71	72	1,474	85,334	1,410	0.029	0.579	0.028
Year-3	10	0	131	141	0	9	62	71	70	1,474	88,747	1,410	0.029	0.354	0.028
Year-4	15	0	136	151	0	9	62	71	80	1,474	92,297	1,410	0.029	0.494	0.028
Year-5	16	0	141	157	0	9	62	71	86	1,474	95,989	1,410	0.029	0.528	0.028
Year-6	16	0	147	163	0	9	62	71	92	1,474	99,829	1,410	0.029	0.545	0.028
Year-7	13	0	153	166	0	9	62	71	95	1,474	103,822	1,410	0.029	0.443	0.028
Year-8	14	0	159	173	0	9	62	72	102	1,474	107,975	1,410	0.029	0.477	0.028
Year-9	7	0	166	173	0	10	62	72	101	1,474	112,294	1,410	0.029	0.247	0.028
Year-10	19	0	172	191	0	10	62	72	119	1,474	116,786	1,410	0.028	0.647	0.028
Year-11	19	0	179	198	0	10	62	72	126	1,474	121,457	1,410	0.028	0.647	0.028
Year-12	18	0	186	204	0	10	62	72	131	1,474	126,315	1,410	0.028	0.630	0.027
Year-13	18	0	194	212	0	10	62	72	139	1,474	131,368	1,410	0.029	0.622	0.028
Year-14	20	0	201	221	0	10	62	73	149	1,474	136,622	1,410	0.029	0.673	0.028
Year-15	21	0	208	230	0	11	62	73	158	1,474	142,069	1,410	0.029	0.716	0.028
Year-16	21	0	218	239	0	11	62	73	166	1,474	147,771	1,410	0.029	0.716	0.028
Year-17	22	0	227	249	0	11	62	73	186	1,474	153,682	1,410	0.029	0.750	0.028
Year-18	24	0	236	259	0	11	62	73	186	1,474	159,829	1,410	0.029	0.801	0.028
Year-19	19	0	245	264	0	11	62	74	190	1,474	166,223	1,410	0.029	0.801	0.028
Year-20	25	0	255	280	0	12	62	74	206	1,474	172,871	1,410	0.029	0.852	0.028
Year-21	25	0	265	289	0	12	62	74	215	1,474	179,786	1,410	0.029	0.835	0.028
Year-22	28	0	276	303	0	12	62	74	229	1,474	186,977	1,410	0.029	0.937	0.028
Year-23	28	0	287	314	0	12	62	74	240	1,474	194,457	1,410	0.029	0.937	0.028
Year-24	28	0	298	326	0	13	62	75	251	1,474	202,235	1,410	0.029	0.937	0.028
Year-25	29	0	310	339	0	13	62	75	264	1,474	210,324	1,410	0.029	0.971	0.028
Year-26	23	0	322	345	0	13	62	75	270	1,474	218,737	1,410	0.029	0.784	0.028
Year-27	30	0	335	365	0	13	62	76	290	1,474	227,486	1,410	0.029	1.022	0.028
Year-28	22	0	349	371	0	14	62	76	295	1,474	236,586	1,410	0.029	0.750	0.028
Year-29	33	0	363	395	0	14	62	76	319	1,474	246,050	1,410	0.029	1.107	0.028
NOMINAL	588	0	6,406	6,993	0	914	1,829	2,743	4,250						
NPV	195	0	2,041	2,237	0	712	741	1,453	784						

Utility Discount Rate = 8.60
Benefit Cost Ratio = 1.540

Utility Cost (UC) Test

PROGRAM: PEC Home Energy Improvement Program - Vintage Yr-1

YEAR	BENEFITS				COSTS				(9)	PROGRAM IMPACTS					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL FUEL & O&M SAVINGS \$(000)	AVOIDED T&D CAP. COSTS \$(000)	AVOIDED GEN. CAP. COSTS \$(000)	TOTAL BENEFITS \$(000)	FUEL & O&M INCREASE \$(000)	UTILITY PROGRAM COSTS \$(000)	INCENTIVE PAYMENTS \$(000)	TOTAL COSTS \$(000)		Co. Peak MW Impacts at Gen	Avoided Cost /kW (\$)	Co. Peak MW Impacts at Meter	Energy GWh Impacts at Gen	Avoided Cost /kWh (\$)	Energy GWh Impacts at Meter
Year-1	159	61	85	305	0	1,215	632	1,848	-1,542	1,300	112,538	1,227	1,666	0.095	1,572
Year-2	165	63	89	317	0	0	0	0	317	1,300	116,757	1,227	1,666	0.099	1,572
Year-3	132	65	92	290	0	0	0	0	290	1,300	121,137	1,227	1,666	0.079	1,572
Year-4	105	43	62	210	0	0	0	0	210	0.835	125,656	0.788	1,138	0.093	1,073
Year-5	107	45	64	216	0	0	0	0	216	0.835	130,379	0.788	1,138	0.094	1,073
Year-6	113	46	67	225	0	0	0	0	225	0.835	135,285	0.788	1,138	0.099	1,073
Year-7	118	48	69	235	0	0	0	0	235	0.835	140,380	0.788	1,138	0.103	1,073
Year-8	124	50	72	245	0	0	0	0	245	0.835	145,671	0.788	1,138	0.109	1,073
Year-9	132	51	75	258	0	0	0	0	258	0.835	151,167	0.788	1,138	0.116	1,073
Year-10	139	53	78	270	0	0	0	0	270	0.835	156,875	0.788	1,138	0.122	1,073
Year-11	64	22	32	118	0	0	0	0	118	0.331	162,856	0.312	0.552	0.116	0.520
Year-12	59	23	33	114	0	0	0	0	114	0.331	169,016	0.312	0.552	0.106	0.520
Year-13	58	23	35	116	0	0	0	0	116	0.331	175,415	0.312	0.552	0.105	0.520
Year-14	62	24	36	122	0	0	0	0	122	0.331	182,061	0.312	0.552	0.112	0.520
Year-15	67	25	38	129	0	0	0	0	129	0.331	188,965	0.312	0.552	0.121	0.520
Year-16	60	21	32	113	0	0	0	0	113	0.273	196,021	0.257	0.481	0.124	0.454
Year-17	64	22	34	120	0	0	0	0	120	0.273	203,467	0.257	0.481	0.133	0.454
Year-18	69	23	35	126	0	0	0	0	126	0.273	211,201	0.257	0.481	0.143	0.454
Year-19	55	17	26	98	0	0	0	0	98	0.197	219,191	0.186	0.371	0.148	0.350
Year-20	58	18	27	102	0	0	0	0	102	0.197	227,537	0.186	0.371	0.155	0.350
Year-21	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-22	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-23	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-24	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-25	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-26	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-27	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-28	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-29	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
NOMINAL	1,907	743	1,080	3,731	0	1,215	632	1,848	1,683						
NPV	1,034	413	594	2,041	0	1,119	582	1,701	340						

Utility Discount Rate = 8.60
Benefit Cost Ratio = 1.200

Utility Cost (UC) Test

PROGRAM: PEC Residential Home Advantage -- Vintage Year 1

YEAR	BENEFITS				COSTS				(9)	PROGRAM IMPACTS					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)		(10)	(11)	(12)	(13)	(14)	(15)
	TOTAL FUEL & O&M SAVINGS \$(000)	AVOIDED T&D CAP. COSTS \$(000)	AVOIDED GEN. CAP. COSTS \$(000)	TOTAL BENEFITS \$(000)	FUEL & O&M INCREASE \$(000)	UTILITY PROGRAM COSTS \$(000)	INCENTIVE PAYMENTS \$(000)	TOTAL COSTS \$(000)		Co. Peak MW Impacts at Gen	Avoided Cost /kW (\$)	Co. Peak MW Impacts at Meter	Energy GWh Impacts at Gen	Avoided Cost /kWh (\$)	Energy GWh Impacts at Meter
Year-1	48	10	15	73	0	282	187	469	-396	0.231	109,266	0.218	0.774	0.061	0.732
Year-2	53	11	16	79	0	0	0	0	79	0.231	113,127	0.218	0.774	0.068	0.732
Year-3	57	11	16	84	0	0	0	0	84	0.231	117,127	0.218	0.774	0.074	0.732
Year-4	51	11	17	79	0	0	0	0	79	0.231	121,272	0.218	0.774	0.066	0.732
Year-5	52	12	17	81	0	0	0	0	81	0.231	125,566	0.218	0.774	0.067	0.732
Year-6	53	12	18	83	0	0	0	0	83	0.231	130,015	0.218	0.774	0.069	0.732
Year-7	59	12	19	90	0	0	0	0	90	0.231	134,627	0.218	0.774	0.076	0.732
Year-8	61	13	19	93	0	0	0	0	93	0.231	139,404	0.218	0.774	0.079	0.732
Year-9	65	13	20	99	0	0	0	0	99	0.231	144,355	0.218	0.774	0.084	0.732
Year-10	68	14	21	102	0	0	0	0	102	0.231	149,484	0.218	0.774	0.088	0.732
Year-11	58	14	22	94	0	0	0	0	94	0.231	154,801	0.218	0.774	0.075	0.732
Year-12	53	15	22	90	0	0	0	0	90	0.231	160,310	0.218	0.774	0.068	0.732
Year-13	56	15	23	94	0	0	0	0	94	0.231	166,019	0.218	0.774	0.072	0.732
Year-14	58	16	24	97	0	0	0	0	97	0.231	171,936	0.218	0.774	0.075	0.732
Year-15	62	16	25	103	0	0	0	0	103	0.231	178,066	0.218	0.774	0.080	0.732
Year-16	65	17	26	107	0	0	0	0	107	0.231	184,420	0.218	0.774	0.083	0.732
Year-17	69	17	27	113	0	0	0	0	113	0.231	191,005	0.218	0.774	0.089	0.732
Year-18	74	18	28	119	0	0	0	0	119	0.231	197,829	0.218	0.774	0.095	0.732
Year-19	76	18	29	123	0	0	0	0	123	0.231	204,902	0.218	0.774	0.098	0.732
Year-20	76	19	30	125	0	0	0	0	125	0.231	212,231	0.218	0.774	0.098	0.732
Year-21	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-22	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-23	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-24	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-25	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-26	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-27	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-28	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
Year-29	0	0	0	0	0	0	0	0	0	-	-	-	-	-	-
NOMINAL	1,211	282	435	1,928	0	282	187	469	1,459						
NPV	600	135	206	941	0	282	187	469	472						

Utility Discount Rate = 8.30
Benefit Cost Ratio = 2.006

SOUTH CAROLINA UTILITIES COMMISSION

DOCKET NO. 2009-____-E

**DIRECT TESTIMONY OF ROBERT P. EVANS
ON BEHALF OF CAROLINA POWER & LIGHT COMPANY
D/B/A/ PROGRESS ENERGY CAROLINAS, INC.**

1 **Q. PLEASE STATE YOUR NAME, YOUR BUSINESS ADDRESS AND POSITION**
2 **WITH PROGRESS ENERGY CAROLINAS, INC..**

3 A. My name is Robert P. Evans and my business address is 411 Fayetteville Street, Post
4 Office Box 1551, Raleigh, North Carolina 27602. I am employed by Progress Energy
5 Carolinas, Inc. ("PEC") as a Senior Energy Delivery Project Specialist in the Company's
6 Efficiency and Innovative Technologies Department.

7 **Q. PLEASE BRIEFLY STATE YOUR EDUCATIONAL BACKGROUND AND**
8 **EXPERIENCE.**

9 A. I graduated from Iowa State University ("ISU") in 1978 with a Bachelor of Science Degree
10 in Industrial Administration and a minor in Industrial Engineering. As a part of my
11 undergraduate work, I participated in both the graduate level Regulatory Studies Programs
12 sponsored by American Telephone and Telegraph Corporation and graduate level study
13 programs in Engineering Economics. Subsequent to my graduation from ISU I received
14 additional Engineering Economics training at the Colorado School of Mines, completed the
15 NARUC Regulatory Studies program at Michigan State, and completed the Advanced
16 AGA Ratemaking program at the University of Maryland. Upon graduation from ISU, I
17 joined the Iowa State Commerce Commission, now known as the Iowa Utility Board

1 ("IUB"), in the Rates and Tariffs Section of the Utilities Division. During my tenure with
2 the IUB, I held several positions, including Senior Rate Analyst in charge of Utility Rates
3 and Tariffs and Assistant Director of the Utility Division. In those positions I provided
4 testimony in gas, electric, water and telecommunications proceedings as an expert witness
5 in the areas of rate design, service rules, and tariff applications. In 1982, I accepted
6 employment with City Utilities of Springfield, Missouri, as an Operations Analyst. In that
7 capacity, I provided support for rate-related matters associated with the municipal utility's
8 gas, electric, water and sewer operations. In addition, I worked closely with its load
9 management and energy conservation programs. In 1983, I joined the Rate Services staff
10 of the Iowa Power and Light Company, now known as MidAmerican Energy, as a Rate
11 Engineer. In this position, I was responsible for the preparation of rate related filings and
12 presented testimony on rate design, service rules, and accounting issues before the IUB. In
13 1986, I accepted employment with Tennessee-Virginia Energy Corporation, which is now
14 known as the United Cities Division of ATMOS Energy, as Director of Rates and
15 Regulatory Affairs. While in this position, I was responsible for regulatory filings,
16 regulatory relations, and customer billing. In 1987, I went to work for the Virginia State
17 Corporation Commission in the Division of Energy Regulation as a Utilities Specialist. In
18 this capacity I worked with electric and natural gas issues and provided testimony on cost
19 of service and rate design matters brought before that regulatory body. In 1988, I joined
20 North Carolina Natural Gas Corporation ("NCNG") as its Manager of Rates and Budgets.
21 Subsequently, I was promoted to Director-Statistical Services in its Planning and
22 Regulatory Compliance Department. In that position, I performed a variety of work
23 associated with financial, regulatory and statistical analysis, and presented testimony on

1 several issues brought before the North Carolina Utilities Commission. I held that position
2 until the closing of NCNG's merger with Carolina Power and Light Company, the
3 predecessor of Progress Energy Corporation, on July 15, 1999.

4 From July 1999 through January 2008 I was employed in Principal and Senior Analyst
5 roles by the Progress Energy Service Company, LLC. In these roles I provided NCNG,
6 Progress Energy Carolinas, Inc. and Progress Energy Florida, Inc. with rate and regulatory
7 support in their state and federal venues as well as financial forecasting support.

8 **Q. WHAT ARE YOUR CURRENT RESPONSIBILITIES?**

9 A. I am responsible for financial analysis and support of PEC's Energy Efficiency (EE) and
10 Demand Side Management (DSM) programs.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

12 A. The purpose of my testimony is to explain and support PEC's Application for a DSM/EE
13 cost recovery rider and to provide the information required by the Stipulation approved by
14 the Commission on May 6, 2009 in Docket No. 2008-251-E.

15 **Q. ARE YOU SPONSORING PEC'S DSM/EE COST RECOVERY RIDER**
16 **APPLICATION?**

17 A. Yes. In addition to this testimony and accompanying exhibits, I am sponsoring PEC'S
18 DSM/EE Cost Recovery Rider Application identified as PEC Exhibit No. 1.

19 **Q. WHAT IS THE SCOPE OF THE APPROVED STIPULATION IN DOCKET NO.**
20 **2008-251-E?**

21 A. In summary, the Stipulation provides for: filing requirements; program opt-out criteria;
22 procedures for the annual recovery of costs incurred to implement new Demand-Side

1 Management (DSM) and Energy Efficiency (EE) programs and measures including the
2 limited recovery of net lost revenues and incentives based on the sharing of savings
3 achieved from PEC's programs. In addition, the Stipulation provided governing
4 parameters associated with DSM/EE measure screening, measurement and verification.

5 **Q. HAS PEC SUBMITTED INFORMATION COMPLYING WITH THE**
6 **STIPULATED FILING REQUIREMENTS?**

7 A. Yes, it has. The information required by Section (h) of the Stipulation, is contained in PEC
8 Exhibit No. 1.

9 **Q. DOES PEC'S REQUEST RECOGNIZE CUSTOMERS OPTING-OUT OF**
10 **PROGRAM PARTICIPATION?**

11 Yes it does. Section (f) of the Stipulation provides that commercial customers with annual
12 consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year
13 and all industrial customers may elect to not participate in any utility-offered DSM/EE
14 measures and, after written notification to the utility, will not be subject to the DSM/EE
15 Rider. For purposes of application of this option, a customer is defined to be a metered
16 account billed under a single application of a Company rate tariff. For commercial
17 accounts, once one account meets the opt-out eligibility requirement, all other accounts
18 billed to the same entity with lesser annual usage located on the same or contiguous
19 properties are also eligible to opt-out of the DSM/EE Rider. Since these rates are included
20 in the rate tariff charges, customers electing this option will receive an itemized DSM/EE
21 Credit on their monthly bill statement.

1 **Q. IS PEC REQUESTING PROGRAM PERFORMANCE INCENTIVES IN THIS**
2 **PROCEEDING?**

3 Yes it is. The incentives, identified as Program Performance Incentives ("PPI"), are
4 calculated pursuant to section (e) of the Stipulation, based on the savings achieved by
5 DSM/EE programs as measured by the Utility Cost Test ("UCT"). With regard to DSM
6 measures and programs, PEC will receive an incentive equal to eight percent of the net
7 savings estimated by the UCT, and for EE measures and programs PEC will receive an
8 incentive equal to thirteen percent of the UCT estimated net savings. Using these values,
9 the PPI is established for measures installed during a twelve-month period (i.e. a vintage
10 year) and is recovered in equal annual installments over a ten-year period. The annual
11 installments are calculated through the levelization of the vintage year PPI using PEC's
12 overall weighted net-of-tax rate of return approved in PEC's most recent general rate case
13 as a discount rate.

14 In addition, PEC is requesting the recovery of estimated net lost revenues. Pursuant to the
15 Stipulation, recovery of net lost revenues is allowed for no more than three years for
16 measures installed in any given vintage year. Both the recovery of net lost revenue and PPI
17 are subject to true-up on the basis of measurement and verification analysis.

18 **SUMMARY OF DSM/EE COSTS**

19 **Q. CAN YOU PROVIDE A SUMMARY OF THE COSTS FOR WHICH THE**
20 **COMPANY IS REQUESTING RECOVERY IN THIS PROCEEDING?**

21 A. Yes. The Company's requested recovery of DSM/EE costs, allocated jurisdictionally to
22 South Carolina, associated with this proceeding have been broken into two periods. For the

prior and test periods, September 1, 2007 through March 31, 2009, the South Carolina allocated share of actual costs is \$1,698,184. For the rate period, 2009 through June 30, 2010, the South Carolina allocated share of forecasted costs is \$6,394,997. The total of jurisdictionally allocated actual and forecasted costs is \$8,093,181.

A summary of the costs associated with the Company's recovery request is provided in the following table by period and by DSM/EE measure.

Program / Measure	Prior & Test Periods	Rate Period	Total
	9-1-07 thru 3-31-09	7-1-09 thru 6-30-10	9-1-07 thru 6-30-10
Demand-Side Management Programs			
DSDR Implementation	\$ 352,201	\$ 1,891,932	\$ 2,244,134
CIG DR	29,628	320,430	350,058
EnergyWise™	108,013	1,074,191	1,182,204
Energy Efficiency Programs			
Residential Home Advantage	\$ 87,678	\$ 269,282	\$ 356,960
Residential Home Energy Improvement	67,665	501,995	569,660
Residential Low Income - NES	14,207	355,069	369,276
CIG Energy Efficiency	176,816	975,857	1,152,673
Residential Solar Water Heating Pilot	1,314	52,806	54,120
Pilot CFL Program	131,001	69,816	200,817
A&G and Carrying Costs			
A&G	\$ 648,366	\$ 551,848	\$ 1,200,214
Carrying Cost on Balances	81,295	331,770	413,065
Total Cost	\$ 1,698,184	\$ 6,394,997	\$ 8,093,181

In addition to the summary table above, a further breakdown by cost element is provided on attached Evans Exhibit No. 1.

Q. ARE THE COMPANY'S PROPOSED RATES DESIGNED TO RECOVER \$8,093,181?

A. No, since many of the expenses incurred to develop and implement the Company's DSM and EE programs produce benefits covering several years, those expenses pursuant to item (c)(1) of the Stipulation, will be deferred, and recovered over a ten year period. As a result of the deferral, the Company's rates for this proceeding are designed to recover revenues

1 totaling \$2,534,131. The development of this amount is also provided on Evans Exhibit
2 No. 1.

3 **JURISDICTIONAL COST ALLOCATION**

4 **Q. HOW ARE DSM AND EE PROGRAM COSTS ALLOCATED TO THE SOUTH**
5 **CAROLINA RETAIL JURISDICTION?**

6 A. PEC first reviews all costs to be recovered and separates them into three categories: (1) EE-
7 related costs, (2) DSM-related costs and (3) costs that provide a system benefit in support
8 of both EE and DSM programs. For each of these categories, different allocation methods
9 are employed to assign those costs to the appropriate jurisdiction.

10 **Q. PLEASE ELABORATE ON THE METHODOLOGY USED TO ALLOCATE**
11 **DSM/EE COSTS THAT OFFER A SYSTEM BENEFIT.**

12 A. Common Administrative and General (A&G) Costs, associated with the programs, provide
13 a system benefit in support of both EE and DSM programs. Since A&G costs relate to both
14 EE and DSM, A&G amounts are divided into both categories. The division of these costs
15 into either the EE or DSM category is based upon the percentage of each type of
16 expenditure anticipated during the next forecast calendar year. For example, if 30% of
17 these costs in the forecast period are EE-related, then 30% of the A&G costs will be
18 considered as EE-related costs for allocation purposes. The use of a forecast period
19 recognizes the types of new programs PEC will offer in the immediate future that will be
20 supported by these administrative costs. The assignment of A&G costs as being either EE
21 or DSM related is reviewed annually each June based upon forecasted costs for the next

1 calendar year. The A&G costs provided for in this proceeding have been assigned to these
2 categories based upon forecasted DSM and EE costs for 2010.

3 **Q. HOW ARE COSTS IDENTIFIED AS EE-RELATED ALLOCATED TO THE**
4 **JURISDICTION?**

5 A. Any program costs that are identified as being EE-related, including A&G costs, are
6 allocated to SC retail based upon the ratio, at the meter, of SC retail sales to PEC system
7 retail sales. The allocation percentage is updated each May, and is based on the prior
8 calendar year usage data.

9 **Q. HOW ARE COSTS IDENTIFIED AS DSM-RELATED ALLOCATED TO THE**
10 **JURISDICTION?**

11 A. Any program costs that are identified as being DSM-related, including assigned A&G
12 costs, are allocated to SC retail based upon the ratio of the SC retail demand to the PEC
13 system retail demand at the hour of the annual system peak. The allocation percentage is
14 updated each May, and is based on the prior calendar year demand data.

15 **UTILITY INCENTIVES AND NET LOST REVENUES**

16 **Q. HOW WERE THE UTILITY INCENTIVES CALCULATED?**

17 A. As stated earlier, the PPI is calculated pursuant to section (e) of the Stipulation, based on
18 the savings achieved by DSM/EE programs as measured by the Utility Cost Test ("UCT").
19 The amount of the PPI initially to be recovered for a given measurement unit and vintage
20 year shall be equal to eight percent of the UCT for DSM programs and measures and
21 thirteen percent of the UCT for EE programs and measures. Estimated net savings are
22 determined by multiplying the number of measurement units projected to be installed

1 specific to a program or measure in a vintage year by the most current estimates of the
2 annual per installation kW and kWh savings over the measurement unit's life and by the
3 most current estimates of the annual kW and kWh avoided costs, subtracting the estimated
4 utility costs over the measurement unit's life related to the projected installations in that
5 vintage year and discounting the result to determine a net present value.

6 The PPI for the initial vintage was converted into a stream of ten (10) levelized annual
7 payments, accounting for and incorporating PEC's overall weighted average net-of-tax rate
8 of return approved in the Company's most recent general rate case as the appropriate
9 discount rate. Pursuant to item (e)(11) of the Stipulation, PPI recoveries are subject to true-
10 up on the basis on future measurement and verification results.

11 **Q. HOW WERE THE NET LOST REVENUES DETERMINED?**

12 Net lost revenues, which are applicable to both DSM and EE programs, are determined by
13 multiplying the estimated reduction in sales associated with a measure by a margin based
14 net lost revenue rate. While subject to a few nuances, the following formula embraces the
15 essence of the adjustment.

16
$$\text{NET LOST REVENUES} = \text{LOST SALES} \times \text{NET LOST REVENUE RATE}$$

17 Lost Sales are those sales that do not occur by virtue of employing the DSM / EE measures.
18 These values are initially based on engineering estimates and/or past impact evaluations,
19 with future periods based on updated impact evaluations conducted through the
20 measurement and verification (M&V) activities and applied prospectively and in
21 conjunction with applicable net lost revenue true-ups. The Net Lost Revenue Rate, itself,
22 represents the difference between the average retail rate applicable to the customer class

impacted by the measure and (1) the embedded gross receipts taxes, (2) the related average customer charge component of that rate, (3) the average fuel component of the rate, and (4) the incremental variable O&M rate as approved in the Company's last CSP tariff. When multiple customer classes are impacted by a DSM / EE measures, as with the DSDR program, a weighted or system wide net lost revenue rate is employed.

Pursuant to item (d)(6) of the Stipulation, net lost revenues are recoverable for only the first 36-months of an installed measure's life and comparable to the PPI, recoveries are subject to true-up on the basis on future measurement and verification results.

RATE DEVELOPMENT

Q. ONCE ALL RELEVANT COSTS ARE ALLOCATED TO SOUTH CAROLINA AND IDENTIFIED AS BEING EITHER DSM/EE RELATED, HOW ARE RATES ESTABLISHED?

A. PEC schedules are designed to establish three natural rate groups: Residential, General Service and Lighting.

Q. CAN YOU IDENTIFY THE RATE TARIFFS THAT FALL WITHIN EACH RATE CLASS?

A. The following table lists the schedules and riders proposed within each rate class:

RESIDENTIAL.	GENERAL SERVICE			LIGHTING
	Small General Service	Medium General Service	Large General Service	
RES R-TOUD R-TOUE	SGS TSS	MGS SGS-TOU SI SGS-TES CSE, CSG GS & Rider SS (less than 1 MW)	LGS LGS-TOU LGS-CUR-TOU LGS-RTP & Rider SS (1 MW & Greater)	ALS SLS SLR SFLS

1 **COST ALLOCATION METHODOLOGY**

2 **Q. HOW ARE EE AND DSM RELATED COSTS ALLOCATED TO EACH RATE**
3 **CLASS?**

4 A. Costs are assigned to customer classes based on program design and participation. In other
5 words, costs are assigned to customer groups that are directly benefitted by the programs.
6 Using this method, residential program costs are allocated solely to residential customers,
7 general service program costs are allocated solely to general service customers, and
8 lighting program costs are allocated solely to lighting customers. Where programs benefit
9 multiple customer groups, the costs are allocated to benefitted groups using appropriate
10 annual energy and/or coincident peak demand based allocation factors.

11 The manner in which the costs associated with a specific program have been assigned to
12 customer groups is provided on Evans Exhibit No. 2.

13 **Q. HOW ARE SALES AND DEMAND ADJUSTED FOR THE IMPACT OF “OPT-**
14 **OUT” CUSTOMERS?**

15 A. As previously noted, commercial customers with annual consumption of 1,000,000 kWh or
16 greater in the billing months of the prior calendar year and all industrial customers may
17 elect not to participate in PEC's demand-side management and energy efficiency programs.
18 PEC reviewed its customer records and identified that commercial customers eligible to
19 “opt-out” consumed 584,919,829 kWh during the year ended March 31, 2009.

20 “Opt-out” eligibility will be reviewed each year after the December bill and only
21 customers consuming 1,000,000 kWh or more in the calendar year shall be eligible to “opt-
22 out” of the next year’s DSM/EE Rider charges. New commercial customers will need to

1 demonstrate that their consumption has exceeded 1,000,000 kWh, within a calendar year,
2 before they will be eligible to "opt-out". This approach will eliminate the need to review
3 consumption monthly, potentially forcing customers to "opt-in" or "opt-out" as annual
4 usage vacillates around 1,000,000 kWh. A similar review identified industrial sales of
5 2,488,197,000 kWh eligible to "opt-out". Rate Class allocation factors were developed
6 assuming that all eligible customers opt-out of the DSM/EE rider. If these customers do
7 not choose the "opt-out", any revenue gain will be returned to customers through
8 subsequent DSM/EE rider true-ups.

9 Commercial and industrial sales for the year ended March 31, 2009 for all customers
10 eligible to "Opt-Out" of the DSM/EE rate are provided in Evans Exhibit No. 3.

11 **Q. THE SALES FOR "OPT-OUT" CUSTOMERS ARE EASILY IDENTIFIED, BUT**
12 **HOW IS THE COINCIDENT PEAK OF THESE CUSTOMERS ESTIMATED?**

13 A. Currently installed metering for these customers does not provide usage data at the system
14 peak hour; therefore, this impact is estimated based upon the ratio of "opt-out" sales to total
15 sales for the rate class times the rate class peak demand. This approach should accurately
16 approximate the demand of "opt-out" accounts.

17 **Q. AFTER ADJUSTING ENERGY AND DEMAND FOR "OPT-OUT" CUSTOMERS,**
18 **ARE THE RESULTING ALLOCATION FACTORS THEN USED TO**
19 **DETERMINE REVENUE REQUIREMENTS FOR EACH RATE CLASS?**

20 A. The energy and demand based allocators are employed in cases where programs or
21 measures directly benefit multiple rate groups. Given that a DSM or EE program
22 benefiting multiple rate groups is present, EE costs would be multiplied by Rate Class

1 energy allocation factors and any associated DSM costs would be multiplied by Rate Class
2 demand allocation factors for purposes of cost assignment.

3 The energy allocation rate class factors were developed from the forecasted rate class
4 usage, after subtracting actual sales for "opt-out" customers for the year ended March 31,
5 2009 since usage for "opt-out" customers is not forecasted. The energy allocation factors
6 applicable to each rate class based upon the forecast of rate class sales for the recovery
7 period of July 2009 through June 2010 are provided in Evans Exhibit No. 4.

8 The demand allocation rate class factors are based on the summer coincident peak demand
9 for 2008, after subtracting the estimated demand for "opt-out" customers as discussed
10 above. The forecast does not provide rate class coincident peak demands, therefore, the
11 most recent historic data was deemed to be representative of future demand impacts. The
12 demand allocation factors applicable to each rate class are provided in Evans Exhibit No. 5.

13 **Q. DO ANY OF THE COMPANY'S PROGRAMS OR MEASURES BENEFIT**
14 **MULTIPLE CUSTOMER CLASSES?**

15 A. Yes. The Company's DSDR DSM program benefits multiple customer classes. To
16 allocate DSDR costs, the Rate Class demand allocation factors are employed.

17 **Q. HOW ARE RATE CLASS DSM/EE RATES ESTABLISHED?**

18 A. The calculated rate class EE and DSM revenue requirements are divided by rate class sales,
19 after adjustment for "opt-out" customers, to establish the rate class DSM/EE rate. Evans
20 Exhibit No. 6 provides the derivation of the Energy Efficiency Rate. Evans Exhibit No. 7
21 provides the derivation of the Demand Side Management Rate.

1 **Q. PEC IS PROPOSING A DSM/EE RATE THAT RECOVERS PROGRAM COSTS,**
2 **ANY NET LOST REVENUES, AND UTILITY INCENTIVES ALLOWED BY THE**
3 **COMMISSION. IS THERE A NEED TO MAKE ANY ADDITIONAL**
4 **ADJUSTMENTS TO ITS RATES?**

5 **A. Yes, the Company's DSM/EE programs and cost recovery mechanism are incremental in**
6 nature. The total incremental costs of these new DSM/EE programs need to be offset by an
7 equivalent amount of incremental revenue. Two factors come into play that diminish the
8 Company's ability to recover the needed incremental revenues when rates are based strictly
9 on an incremental revenue requirement. The first of these factors is the Residential Service
10 Energy Conservation Discount Rider RECD-2B. Residential customers, whose dwellings
11 meet efficient building criteria, receive a conservation discount of five percent on the
12 energy charge and demand charge, if applicable, portions of their electric billing. Since the
13 DSM/EE rate will be part of the energy charge portion of the bill, and with over sixteen
14 percent of residential energy charges discounted through Rider RECD-2B, an adjustment is
15 necessary. In addition, uncollectible accounts hamper the Company's ability to recover
16 program costs. While Rider RECD-2B impacts only residential billings, uncollectible
17 billings impact residential and non-residential billings alike.

18 In order to take both uncollectible billings and Rider RECD-2B discounts into account,
19 adjustment factors have been developed. These adjustment factors and their derivations are
20 provided on Evans Exhibit No. 8. The resulting Residential adjustment factor is 1.3344
21 percent and the General Service adjustment factor is 0.1020 percent.

1 **Q. IF PEC'S ESTIMATES OF DISCOUNTED RESIDENTIAL SALES AND**
2 **UNCOLLECTIBLE BILLINGS VARY FROM ACTUAL RESULTS, WILL PEC**
3 **TRUE THESE AMOUNTS UP?**

4 A. Yes, the Company will reconcile and true-up any differences between actual uncollectible
5 and discounted DSM/EE billing amounts produced through the use of the gross-up factors
6 calculated on Evans Exhibit No. 8.

7 **Q. WHAT RATES ARE PROPOSED FOR EACH RATE CLASS?**

8 A. Evans Exhibit No. 9 calculates the DSM/EE annual rates proposed in this proceeding. The
9 DSM/EE rates recover costs forecasted to be incurred during July 1, 2009 through June 30,
10 2010 and actual costs incurred from September 1, 2007 through March 31, 2009. PEC
11 proposes the following rates, exclusive of gross receipts taxes and SC Regulatory Fees, for
12 each rate class (shown in cents per kWh):

Rate Class	DSM Rate	EE Rate	Adjustment*	DSM/EE Annual Rider**
Residential	0.0542	0.0232	0.0010	0.0784
General Service	0.0349	0.0213	0.0001	0.0563
Lighting	0.0000	0.0000	0.0000	0.0000

** Adjustment for uncollectible billings and Residential RECD discount*

***Billing Rates are rounded to the nearest thousandth of a cent*

13 **Q. HOW WILL PEC'S TARIFFS BE REVISED TO RECOVER THESE RATES?**

14 A. Evans Exhibit No. 10 consists of the Demand Side Management and Energy Efficiency
15 Rider DSM/EE-1 that provides for the billing of DSM/EE amounts. PEC proposes that
16 these rates be included in the energy rates of each schedule to make it easier for customers

1 to use a single tariff to calculate and verify their monthly bill. Since all customers would
2 then be billed these rates, customers electing to "opt-out" of the annual DSM/EE Rider will
3 receive a Monthly Credit on their bill. PEC believes that this will easily identify the bill
4 impact if they elect to "opt-in" to DSM/EE in the future. It also clearly identifies those
5 customers that elect to "opt-out" so they can ensure they are being accurately billed to
6 reflect their election. Customers will be required to notify PEC of their election to "opt-
7 out" in writing. A communications plan is currently being developed for implementation
8 in South Carolina to notify customers of their ability to "opt-out". This should allow ample
9 time to implement the customer's decision prior to the rate going into effect on July 1.

10 I also recommend that the billing schedules including the DSM/EE rate be revised to
11 include the following paragraph to describe the inclusion of fuel and environmental cost as
12 well as the DSM/EE rate:

13 "Fuel and related environmental costs as set forth in Rider No. 39Y and demand
14 side management and energy efficiency costs as set forth in Rider DSM/EE-1 are
15 included in the above charges and are subject to adjustment by order of the Public
16 Service Commission of South Carolina."

17 One final change is required to the Large General Service (Experimental – Real Time
18 Pricing) Schedule LGS-RTP to include a new incremental DSM/EE increment
19 adjustment to ensure that usage billed under the RTP hourly rates are charged the new
20 DSM/EE rate.

21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 **A. Yes.**

South Carolina Retail - DSM/EE Revenue Requirements Summary

SC Total Cost														
	Other DSM	ABG Expense	Capitalized DSM	10% Recovery	Taxes	Depreciation	Cost of Capital	Earning Cost	Totals Before Incentive	Net Test Revenue	Program Performance Incentive	Total Incentive and Net Test Rev.	Totals With Incentive	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
				SC-Net(Net43)	Col (4)/10				SC-Net(4)/Net(9)				Σ Col(11)/Net(12)	Col(10) + (13)
SC DSM Program Expenses														
1	DSM Program	1,106,856	6,024	-	1,106,879	336,390	152,526	538,377	1,237,983	9,959	-	9,959	1,247,942	
2	CIG DR	348,695	-	-	348,695	-	-	-	34,869	19	1,344	1,363	36,232	
3	EnergyWise	1,160,044	-	-	1,160,044	116,001	-	-	116,004	149	22,010	22,160	138,164	
4	Total DSM	2,605,595	6,024	-	2,611,618	336,390	152,526	538,377	1,388,857	10,127	21,364	33,482	1,422,339	
5	DSM Assigned ABG and CCost			722,338	72,235	-	-	-	287,608	-	-	-	1,422,339	
6	Total DSM and Assigned N&G	2,605,595	6,024	722,338	3,337,977	336,390	152,526	538,377	1,676,465	10,127	21,364	33,482	1,709,947	
SC EE Program Expenses														
7	Res Home Advantage	331,420	-	-	331,420	33,142	-	-	33,142	24,121	1,419	25,540	58,682	
8	Res Home Energy Improvement	554,830	-	-	554,830	55,483	-	-	55,483	13,907	1,023	14,930	70,313	
9	Residential Low Income	344,285	-	-	344,285	34,423	-	-	34,423	24,991	-	24,991	59,419	
10	CIG Energy Efficiency	1,054,831	-	-	1,054,831	105,483	-	-	105,483	72,553	23,189	97,842	203,375	
11	Solar Hot Water Pilot	54,120	-	-	54,120	5,412	-	-	5,412	-	-	-	5,412	
12	Home Depot CFL	23,404	-	-	23,404	2,340	-	-	2,340	154,976	24,438	179,413	181,554	
13	Total EE	2,366,890	-	-	2,366,890	236,889	-	-	236,889	280,548	52,069	342,616	578,765	
14	EE Assigned ABG and CCost			477,856	47,785	-	-	-	197,693	-	-	-	265,479	
15	Total EE and Assigned ABG	2,366,890	-	477,856	2,844,746	236,875	-	-	434,582	-	-	-	824,184	
16	Total	4,970,484	6,024	1,200,214	6,176,722	617,672	336,390	152,526	638,377	2,118,033	300,675	75,423	376,098	1,584,131

South Carolina Retail - DSM/EE Revenue Requirements Summary

Rate Period

July 2009 through June 2010

SC DSM Program Expenses

	Q&A	Other C&G	A&G Expense	Capitalized O&M	10 - Recover / Col (4) / 10	Taxes	Depreciation	Cost of Capital	Carrying Cost	Total Before Incentive	Net Cost Residue	Program Performance Incentive	Total Incentive and Net Cost Res.	Total With Incentive
	(1)	(2)	(3)	(4) [Col (1) + (2)]	(5) Col (4) / 10	(6)	(7)	(8)	(9)	(10) [Col (9) + (1)]	(11)	(12)	(13) [Col (11) + (12)]	(14) Col (10) + (13)
1 Per Forecast	824,528	3,439		827,967	82,797	318,850	133,019	602,137		1,386,803	9,959	-	9,959	1,146,762
2 CIG DR	319,067			319,067	31,907					31,907	19	1,144	1,363	33,269
3 EnergyWise	1,052,031			1,052,031	105,203					105,203	149	22,010	22,160	127,363
4 Total DSM	2,195,627	3,439		2,199,066	219,907	318,850	133,019	602,137		1,273,912	10,127	23,354	33,482	1,307,394
5 DSM Assigned A&G and CCost:			287,487	287,487	28,749				274,083	202,831				202,831
6 Total DSM and Assigned A&G	2,195,627	3,439	287,487	2,485,553	248,555	318,850	133,019	602,137	274,083	1,476,744	10,127	23,354	33,482	1,510,225
7 SC EE Program Expenses														
8 Res Home Advantage	243,900			243,900	24,390					24,390	23,963	1,419	25,382	49,772
9 Res Home Energy Improvem't	487,165			487,165	48,717					48,717	13,807	1,023	14,830	63,546
10 Residential Low Income	330,078			330,078	33,008					33,008	24,991	-	24,991	57,999
11 CIG Energy Efficiency	878,015			878,015	87,801					87,801	72,653	25,389	97,842	185,643
12 Solar Hot Water Pilot	52,806			52,806	5,281					5,281	-	-	-	5,281
13 Home Depot CFL											59,343	10,473	69,816	69,816
14 Total EE	1,992,954			1,991,864	199,186					199,186	194,755	38,104	232,860	432,057
15 EE Assigned A&G and CCost			264,361	264,361	26,436				157,648	184,124				184,124
16 Total EE and Assigned A&G	1,992,954		264,361	2,255,225	225,633				157,648	383,320	194,755	38,104	232,860	616,181
Rate Period Totals	4,187,591	3,439	551,848	4,742,878	474,288	318,850	133,019	602,137	311,720	1,860,064	204,884	61,459	266,342	2,176,406

South Carolina Retail - DSM/EE Revenue Requirements Summary

Test & Prior Period Totals

Sept 2007 through March 2009

SC DSM Program Expenses

	OS&M (1)	Other CR&G (2)	A&G Expense (3)	Capitalized OS&M (4)	10 - Retrospect (5)	Taxes (6)	Depreciation (7)	Cost of Capital (8)	Carrying Cost (9)	Total Before Incentive (10)	Net Last Revenue (11)	Program Performance Incentive (12)	Total Incentive and Net Last Rev (13)	Total With Incentive (14)
1	276,327	2,585		278,912	27,891	17,540	19,509	36,240		101,181	-	-	-	101,181
2	29,628			29,628	2,963					2,963	-	-	-	2,963
3	108,013			108,013	10,801					10,801	-	-	-	10,801
4	413,968	2,585		416,553	41,655	17,540	19,509	36,240	-	114,945	-	-	-	114,945
5			434,871	434,871	43,487				41,290	84,777				84,777
6	413,968	2,585	434,871	851,424	85,142	17,540	19,509	36,240	41,290	199,722	-	-	-	199,722
SC EE Program Expenses														
7	87,519			87,519	8,752					8,752	159	-	159	8,911
8	67,665			67,665	6,767					6,767	-	-	-	6,767
9	14,207			14,207	1,421					1,421	-	-	-	1,421
10	176,816			176,816	17,682					17,682	-	-	-	17,682
11	1,314			1,314	131					131	-	-	-	131
12	21,404			21,404	2,140					2,140	95,633	-	95,633	97,773
13	368,925	-	213,495	582,421	58,242	-	-	-	40,005	61,355	95,791	13,964	109,756	146,648
14			213,495	582,421	58,242	-	-	-	40,005	61,355	95,791	13,964	109,756	146,648
15	368,925	-	213,495	582,421	58,242	-	-	-	40,005	61,355	95,791	13,964	109,756	146,648
16	782,833	2,585	648,366	1,433,644	143,364	17,540	19,509	36,240	81,295	297,569	95,791	13,964	109,756	407,724

PROGRESS ENERGY CAROLINAS, INC. Cost Allocation Methodology

	EnergyWise	DSDR	CIG DR	Residential Home Advantage	Residential HEIP
Residential	Direct	Coincident Peak		Direct	Direct
Small General Service ¹		Coincident Peak	Direct		
Medium General Service ¹		Coincident Peak	Direct		
Large General Service ¹		Coincident Peak	Direct		
Lighting					

	Residential Low Income	CFL Program	Residential Solar Water Heating	CIG Energy Efficiency
Residential	Direct	Direct	Direct	
Small General Service ¹				Direct
Medium General Service ¹				Direct
Large General Service ¹				Direct
Lighting				

☒ Costs are Allocated to Group

☐ Costs are not Allocated to Group

Note:

¹ Small, Medium, and Large General Service Categories are combined for purposes of rate development

PROGRESS ENERGY CAROLINAS, INC.
Annual Sales for SC Customers Eligible for DSM/EE Opt-Out
Annual Sales for the Year Ended March 31, 2009

Rate Class	Commercial	Industrial ¹	Total
Residential	0	0	0
General Service	584,919,829	2,484,016,858	3,068,936,687
Lighting	0	4,180,142	4,180,142
Total Opt-Out Sales	584,919,829	2,488,197,000	3,073,116,829

¹ Industrial category also includes Revenue Class 45, Public Authority.

PROGRESS ENERGY CAROLINAS, INC.
Energy Allocation Factors - Applicable to EE Program Costs

South Carolina Rate Class Energy Allocation Factors

<u>Rate Class</u>	<u>Total SC Rate Class Sales (MWHrs) ⁽¹⁾</u> (1)	<u>Opt-Out Sales ⁽²⁾</u> (2)	<u>Adjusted SC Rate Class MWHr Sales</u> (3) = (1) - (2)	<u>Rate Class Energy Allocation Factor</u> (4) = (3) / SC Total in Column 3
Residential	2,206,024	0	2,206,024	58.57%
General Service	4,541,124	3,068,937	1,472,187	39.09%
<u>Lighting</u>	<u>92,193</u>	<u>4,180</u>	<u>88,013</u>	<u>2.34%</u>
SC Retail	6,839,341	3,073,117	3,766,224	100.00%

NOTES:

- (1) Total SC Rate Class Sales (MWHrs) are for the forecasted year ended June 2010.
(2) Opt-Out sales are provided in Evans Exhibit No. 3

PROGRESS ENERGY CAROLINAS, INC.

Demand Allocation Factors - Applicable to DSM Programs

South Carolina Rate Class Demand Allocation Factors

Rate Class	Total SC Rate Class Sales ⁽¹⁾	Sales Subject to Opt-Out ⁽²⁾	Rate Class Demand ⁽³⁾	Revised Rate Class Demand	Rate Class Allocation Factor
	(1)	(2)	(3)	(4) = ((1 - 2) / 1) * 3	(5) = (4) / Total of Column 4
Residential	2,206,024	0	524,683	524,683	68.70178%
General Service	4,541,124	3,068,937	737,308	239,028	31.29822%
Lighting	92,193	4,180	0	0	0.00000%
SC Retail	6,839,341	3,073,117	1,261,991	763,711	100.00000%

NOTES:

- (1) Total SC Rate Class Sales (MWHrs) are for the forecasted year ended June 2010.
- (2) Opt-Out sales are provided in Evans Exhibit No. 3
- (3) The CP demands are based on the 2008 Coincident Peak occurring on June 9 during the hour ended at 5 P.M.

PROGRESS ENERGY CAROLINAS, INC.

Energy Efficiency Rate Derivation

SC Rate Class	Adjusted SC Rate Class kWhr Sales (1)	Rate Class Energy Allocation Factor (2)	EE Revenue Requirements					Total of Allocated Costs (8) = Σ (3 thru 7)	Total EE Rate (9) = (8) / (1)
			CIG Energy Efficiency (3)	CFL and Solar Water Heating Pilot (4)	Res Home Advantage, Low Income & HEIP (5)	Allocated A&G Costs (6)	Allocated Carrying Costs (7)		
Residential	2,206,024,178	55.57%	\$0	\$186,966	\$188,415	\$26,435	\$109,365	\$511,181	\$0.000232
General Service	1,472,186,951	39.09%	\$203,325	\$0	\$0	\$21,350	\$88,328	\$313,003	\$0.000213
Lighting	88,012,859	2.34%	\$0	\$0	\$0	\$0	\$0	\$0	\$0.000000
SC Retail	3,766,223,988	100%	\$203,325	\$186,966	\$188,415	\$47,785	\$197,693	\$824,184	\$0.000219

NOTES:

- (1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
- (2) Rate Class Energy Allocation Factor is derived in Evans Exhibit No. 4, column (4).
- (3) CIG Energy Efficiency costs are allocated solely to General Service Class.
- (4) CFL, Solar Water Heating Pilot, Residential HEIP and Residential Home Advantage Program costs are allocated solely to Residential Class.
- (5) A&G and Carrying Costs are allocated on the basis of revenue requirements (excluding incentives).

PROGRESS ENERGY CAROLINAS, INC.

Demand Side Management Rate Derivation

DSM Revenue Requirement									
	Adjusted SC Rate Class kWhr Sales ⁽¹⁾	Rate Class Demand Allocation Factor ⁽²⁾	Allocated DSDR Program Costs ⁽³⁾	CIG DR Program ⁽⁴⁾	Allocated EnergyWise Program Costs ⁽⁵⁾	Allocated A&G Costs ⁽⁶⁾	Allocated Carrying Costs ⁽⁷⁾	Total of Allocated Costs (8) = Σ (3 thru 7)	Total DSM Rate (9) = (8) / (1)
SC Rate Class									
Residential	2,206,024,178	68.70%	\$857,359	\$0	\$138,164	\$50,270	\$149,880	\$1,195,673	\$0.000542
General Service	1,472,186,951	31.30%	\$390,584	\$36,232	\$0	\$21,966	\$65,492	\$514,274	\$0.000349
Lighting	88,012,859	0.00%	\$0	\$0	\$0	\$0	\$0	\$0	\$0.000000
SC Retail	3,766,223,988	100.00%	\$1,247,942	\$36,232	\$138,164	\$72,236	\$215,372	\$1,709,947	\$0.000454

NOTES:

- (1) Rate Class Sales, excluding "Opt-Out" sales, are derived in Evans Exhibit No. 4, column (3).
- (2) Rate Class Demand Allocation Factor is derived in Evans Revised Settlement Exhibit No. 5, column (5).
- (3) DSDR Costs allocated using Rate Class Demand Allocation Factor from column (2).
- (4) CIG DR Program costs are directly assigned solely to General Service Class.
- (5) EnergyWise costs are directly assigned solely to Residential Rate Class.
- (6) A&G and Carrying Costs are allocated on the basis of revenue requirements (excluding incentives) assigned in preceding columns.

PROGRESS ENERGY CAROLINAS, INC.
EE/DSM Billing Rate - July 2009 through June 2010
Revenue Adjustment Factors

Residential Adjustment Factor

1	Billed kWh (12ME 3/31/09)	<i>Per Books</i>	2,208,637,371
2	Billed RECD kWh (12ME 3/31/09)	<i>Per Books</i>	<u>366,880,259 (a)</u>
3	RECD kWh Percent of Total Billed	<i>Line 2 / Line 1</i>	16.6112%
4	RECDDiscount	<i>RECD Discount</i>	<u>5.0000% (b)</u>
5	RECD Impact (Weighted Discount)	<i>Line 3 x Line 4</i>	0.8306% (d)
6	Uncollectable Estimate for Forecast Period	<i>Estimate</i>	<u>0.5038% (c)</u>
7	Residential Adjustment Factor for Rate Period	<i>Line 5 + Line 6</i>	<u><u>1.3344% (d)</u></u>

General Service Adjustment Factor

8	Uncollectable Estimate for Forecast Period	<i>Estimate</i>	<u>0.1020% (c)</u>
9	General Service Adjustment Factor for Rate Period	<i>Line 8</i>	<u><u>0.1020% (d)</u></u>

Notes:

- (a) Energy billed and discounted pursuant to Residential Energy Conservation Discount, Rider RECD-2B.
- (b) Five-percent discount provided under Residential Energy Conservation Discount, Rider RECD-2B.
- (c) Estimated incremental level of uncollectables associated with DSM/EE billings.
- (d) Estimated impacts of uncollectable and RECD related discounts will be trued up to actual amounts.

PROGRESS ENERGY CAROLINAS, INC.
EE/DSM Billing Rate - July 2009 through June 2010
All rates are shown in dollars per kWh

Rates Net of South Carolina Gross Receipts Taxes (GRT) and Regulatory Fee

SC Rate Class	Total EE Rate (1)	Total DSM Rate (2)	Total DSM/EE Rate (3)	RECD & Uncollectible Adjustment (4)	DSM/EE Rate (5)
Residential	\$0.000232	\$0.000542	\$ 0.000774	\$0.000010	\$0.000784
General Service	0.000213	0.000349	0.000562	0.000001	0.000563
Lighting	0.000000	0.000000	0.000000	0.000000	0.000000
SC Retail	\$0.000219	\$0.000454	\$0.000673	\$0.000006	\$0.000679

Rates Including SC Gross Receipts Taxes at 0.30% and Regulatory Fee at 0.1541%

SC Rate Class	DSM/EE Rate <i>(net of GRT)</i> (6)	Gross Receipts Tax and Regulatory Fee Adjustment (7)	DSM/EE Billing Rate (8)
Residential	\$0.000784	\$0.000004	\$0.00079
General Service	0.000563	0.000003	0.00057
Lighting	0.000000	0.000000	0.00000
SC Retail	\$0.000679	\$0.000003	\$0.00068

NOTES:

- (1) Total EE Rate is derived in Evans Exhibit No. 6, column (9).
- (2) Total DSM Rate is derived in Evans Exhibit No. 7, column (9).
- (3) Total DSM/EE Rate is sum of columns (1) and (2).
- (4) Adjustment factors derived in Evans Exhibit No. 8 applied to column (3)
- (5) DSM/EE Rate is derived from the sum of columns (3) and (4).
- (6) DSM/EE Billing Rate from column (5)
- (7) Calculated Gross Receipts Tax and Regulatory Fee at the combined rate of 0.4541% on column (6)
- (8) DSM/EE Billing Rate is derived from the sum of columns (6) and (7) and rounded to 5 decimal points.

Carolina Power & Light Company
d/b/a Progress Energy Carolinas, Inc.
(South Carolina Only)

DEMAND SIDE MANAGEMENT AND ENERGY EFFICIENCY
RIDER DSM/EE-1

APPLICABILITY

The rates shown below are included in the MONTHLY RATE provision in each schedule identified in the table below:

Rate Class	DSM/EE Rate
Residential Applicable to Schedules: RES, R-TOUD & R-TOUE	0.079¢/kWh
Small General Service Applicable to Schedules: SGS & TSS	0.057¢/kWh
Medium General Service Applicable to Schedules: MGS, SGS-TOU, SI, SGS-TES, CSG, CSE, GS & Rider SS (less than 1 MW)	0.057¢/kWh
Large General Service Applicable to Schedules: LGS, LGS-TOU, LGS-CUR-TOU, LGS-RTP and Rider SS (1 MW and greater)	0.057¢/kWh
Lighting Applicable to Schedules: ALS, SLS, SLR & SFLS	0.000¢/kWh

The Demand Side Management/Energy Efficiency (DSM/EE) Rate is adjusted annually to reflect the costs and incentives associated with demand side management and energy efficiency measures and programs approved by the Public Service Commission of South Carolina.

Demand Side Management/Energy Efficiency "Opt-Out" Option

Commercial customers with annual consumption of 1,000,000 kWh or greater in the billing months of the prior calendar year and all industrial customers may elect not to participate in Company's demand side management and energy efficiency programs by notifying Company of the customer's election in writing. Any Customer that elects this option will be exempt from the annual rider. For purposes of application of this option, a Customer is defined to be a metered account billed under a single application of a Company rate tariff. For commercial accounts, once one account meets the opt-out eligibility requirement, all other accounts billed to the same entity with lesser annual usage located on the same or contiguous properties are also eligible to opt-out of the DSM/EE Rider. Since these rates are included in the rate tariff charges, Customers electing this option shall receive the following DSM/EE Credit on their monthly bill statement:

$$\text{DSM/EE Rate Credit} = \text{Billed kWh times DSM/EE Rate}^*$$

* The DSM/EE Rate shall be as shown in the above table for the schedule applicable to Customer's monthly bill.

Following the December bill each year, usage for commercial accounts electing to "opt-out" of the DSM/EE rate shall be reviewed and the customer shall be notified and removed from the "opt-out" option if annual consumption is less than 1,000,000 kWh in the prior twelve months.

SALES AND FRANCHISE TAX OR PAYMENT IN LIEU THEREOF

To the above charges will be added any applicable South Carolina sales tax, and for those customers within any municipal or other local governmental jurisdiction, an appropriate amount to reflect any franchise fee, business license tax, or similar percentage fee or tax, or charge in lieu thereof imposed by such entity.

GENERAL

Service rendered under this Schedule is subject to the provisions of the Service Regulations of the Company on file with the state regulatory commission.

Effective for bills rendered on and after July 1, 2009
SCPSC Docket No. 2009-XXX-E, Order No. 2009-XXX